



Oy Veikkaus Ab

ANNUAL REPORT 1999





VEIKKAUS' VALUES

- Veikkaus is important to Finns and Finnish society.
 - Veikkaus is successful.
- Veikkaus' operations are based on reliable principles and fair play.
- Veikkaus operates professionally and with expertise.
 - Veikkaus is open, fair and human.
- Veikkaus invests in continuous development.
- Veikkaus regards its personnel as an important asset.



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The annual report can also be ordered from Veikkaus' Communications Department
tel. +358-9-8526 286
fax +358-9-8526 945

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MANAGING DIRECTOR'S REVIEW



The turnover of Veikkaus in 1999 exceeded FIM 6 billion (EUR 1 billion) for the first time in the company's history. In real terms, however, the turnover (EUR 1,009.5 million) remained at the 1998 level. The turnover grew by 0.3% to EUR 2.9 billion. Among the product groups, only sports games, with sales reaching nearly EUR 336.4 million succeeded in achieving considerable growth (8.4% – EUR 25.9 million). Compared with the figures from previous years, a turnover at the same level for two successive years is exceptional. This result, however, was already anticipated.

Throughout the 1990s, Veikkaus has been able to increase its turnover and proceeds extremely well. During the decade, the company's turnover and proceeds have more than doubled. In 1996, the turnover increased by 11.1%, and in 1997 by 11.4%. In 1998, the upward trend, showing an increase of 9.0%, was almost as outstanding. Despite this, the company had to resort to contingency funds and draw EUR 5.6 million in order to fulfil its social obligations of EUR 348.1 million to the Ministry of Education, which proved to be an over-estimate – even in a time of considerable growth.

In 1999, the assigned target of the Ministry of Education was EUR 365.5 million. The only way to meet this objective was to draw EUR 27.2 million from the contingency fund, which practically exhausted the fund.

In the 1990s, Veikkaus has been able to offer a greater profit to society than expected. With support from its owner, the State, Veikkaus has adopted the objective of providing its beneficiaries – arts, sports, youth work and science – a long-term steady growth of 3–5%. During 1996–98, Veikkaus surpassed the steady growth of 4% in terms of cumulative calculation by EUR 84.1 million.

This goes to show that Veikkaus' strategy, which includes investment in product development and technology, has clearly yielded good results. We may say that the growth attained by Veikkaus through new technologies and product development has been achieved more rapidly than anticipated. On the other hand, in the age of new technology generation, the growth in turnover has its limits, and these have almost been reached. In most European countries the sales of betting

games and lotteries has already levelled out and, in fact, dropped. When compared internationally, the sales of Veikkaus' betting games are exceptionally high and the proceeds per capita rank among the highest in the world.

The net profit objective in Veikkaus' 2000 budget is EUR 345.3 million. In the proposal for the state budget the net profit estimate was confirmed at EUR 378.6 million. This would require an increase of 11% in 2000 in a market where growth has already levelled out, and the need for investments required in development schemes is more acute than ever. It seems therefore highly unlikely that this estimate could be achieved.

We can draw two conclusions from this: firstly, from Veikkaus' perspective, the investments in technology and product development should be continued and even intensified, in order to achieve net profit growth, or at least keep it at the 1999 level, in the future. The present technology and product selection, despite their high quality, cannot ensure a continuous upward trend in turnover and proceeds. In a wider context, the new technologies and the related product development, however, offer Veikkaus a good vantage point in the game market from which to exploit these assets while effectively encouraging growth in an ethically sustainable way.

Secondly, when the state budget is drawn up for the following years, it is necessary to employ a more modest prediction for the annual growth in Veikkaus' proceeds. This also means that the adoption of new beneficiary sectors such as public libraries, which have received Veikkaus' funds for the past four years and are an important municipal service as such, will inevitably decrease the share of traditional beneficiaries – arts, science, sports and youth work.

Although the competition in the now saturated market of leisure time activities,

entertainment industry and money game entertainment is becoming increasingly hectic, Veikkaus' history, opportunities, positions and attitude are useful assets to help safeguard a successful future. Profiting from these opportunities and positions requires, however, a consistent strategic policy and commitment to the implementation of the strategy adopted. It also means continuous investments to maintain the company's competitive capacity, including technology, product development, innovation, partnerships, and the overall development of all of these.

In 1999, Veikkaus intensified its strategic development measures. One example of this is the launch of the Strategy 2005 project which entails extensive participation and commitment from the company's operative management. The results of this on-going strategic work will appear in written form by autumn 2000, just in time for the festivities celebrating the 60th anniversary of Veikkaus. In 1999, Veikkaus also completed a major human resource project which from now on will form the foundation for everyday processes and is a part of personnel training and development policies.

Veikkaus was faced with two very demanding projects in 1999 with an even broader impact on the Finnish society. Preparations for the year 2000 meant especially great efforts in the field of creating program back-ups and conducting check-ups. The transition to the Euro is also a complicated, time-consuming process which has already received full attention at Veikkaus.

In international money gaming, 1999 marked a historic organisational reform: two world-wide, in many ways overlapping, organisations were merged into the World Lottery Association. We are proud to say that Finland and Veikkaus had a prominent and visible role in this merger.

The year 1999 also saw important milestones concerning legislation on money gaming activities. The European Court of Justice issued two explicit, convergent and logical rulings on the Finnish slot machines 'Läärä case' as well as on the Zenatti horse wagering case in Italy. On the basis of these decisions, Money Gaming in Europe, based on exclusive rights and non-profit activities, earned both justification and acceptance - its own 'constitution', in fact.

The European Court of Justice rulings are significant. Since money gaming is an attractive field, there will always be entrepreneurs who, in the name of personal interest, will attempt to defy the judicial and societal concepts of Europe. As far as Finland is concerned, it is essential that these highly significant joint principles be applied to the whole of Finland, including the Åland Islands, for the general good of society.

In 1999, Veikkaus yielded proceeds of EUR 415.9 million, including lottery tax. Approximately 30 million prizes were paid out, 87 of them worth EUR 168,188 or more. A total of EUR 478.3 million was paid out to players. Veikkaus' retailers received EUR 72.3 million in the form of commissions. The Finnish Trotting and Breeding Association Suomen Hippos received approximately EUR 6.2 million as payment for game event cooperation. Over 30,000 were employed either directly or indirectly through Veikkaus' funds. Equally important were those experiences, insights and feelings which Finns were able to enjoy through arts, sciences, sports and youth work.

My sincere thanks to the personnel of Veikkaus for their dedicated and competent work for goals of utmost importance. ■

Matti Suurde

The aim of Veikkaus is to operate in the domestic market as a full-service gaming company by maintaining and developing lottery, betting and instants games that feature the kind of quality, availability and profit that will satisfy both consumers and society.

Despite its legislative monopoly status, the Finnish money game industry is facing increasingly fierce competition. The competition for customers is coming not only from other national games operators but also from different kinds of commercial lotteries, through growth in the entertainment industry and finally, in the form of illegal gaming.

In order to be successful in this competition, Veikkaus has to be able to offer reliable, high-quality games with additional value elicited by entertainment, excitement and success that will exceed the benefits and opportunities provided by competitors on the market.

Heightened competition, making the most of new technologies and marketing strategies, coupled with the need for risk management require regular monitoring of operational activities and organisation. In 1999, Veikkaus established separate business units for games of chance and games of skill. The new organisation became effective at the end of 1999.

Growth levels out

Veikkaus' turnover, which has shown an average growth of 10% during the past five years, grew by only 0.3% in 1999. This is not surprising, since it is obvious that the growth in a field which has for quite a while increased more rapidly than the consumers' purchasing power is bound to level out. What is problematic, however, is the fact that society and particularly the non-profit organisations that have the surplus profits of Veikkaus at their disposal, have based their expectations on vigorous growth.

Unfortunately, the proceeds from money games, which in Finland rank among the world's highest in per capita terms, cannot grow forever.

As with other Finnish games operators, Veikkaus is constantly facing heavy competition for consumers. Messages conveyed through the Veikkaus sales network indicate that there has been a substantial change in purchasing behaviour and the number of customer visits which not only affect the sales of Veikkaus products but also affect the market situation in general. Roughly speaking, people increasingly invest in homes and cars, travelling and mobile phone bills, while low-price comfort products have somewhat lost attraction. This is a great challenge to game sales fundamentally dependent on high customer volume and small individual purchases.

The current structural change in trade is also affecting gaming behaviour. The concentration of retail sales in large shopping centres has reduced visits to Veikkaus' outlets, as consumers minimise their shopping trips and buy everything they need in one visit. Compared with traditional shopping, this reduces the number of impulse buys, which play a significant role in money gaming.

Quick reactions to changes in customer flow are therefore a necessity. The supply of Veikkaus products in supermarkets and shopping centres must be increased. The OnNet service available through the Internet and via telephone must be further developed and marketed.

Lotto is still a major contributor

The significance of Lotto for Veikkaus' result is still decisive: Lotto represents 40% of the company's turnover. Raising the price per box in Lotto from EUR 0.50

to EUR 0.59 in February 1999 was a necessary measure to enhance the probability of jackpots. Unfortunately, the increased mathematical probability of jackpots was not fully realised in 1999. The annual turnover remained 4.4% below the 1998 figures. The main reason for this were the longest periods of rollovers in the Lotto in 1998, which in turn contributed to an exceptionally high gaming turnover. In the long term, however, the turnover of Lotto is expected to experience growth.

The Nordic Viking Lotto also suffered from a low number of jackpots. In 1999, preparations to include the Estonian Lotto in the Viking Lotto were continued. This will take place in March 2000.

Games of skill increasingly popular

Contrary to the international trends in money games, games of skill with sports objects showed an upward trend. This is partly explained by the improved supply of events and methods of playing. The most vigorous growth was seen with the variable-odds game MultiBet, which is part of the Result Odds Betting group. The overall odds betting turnover exceeded EUR 0.22 billion in 1999, with an increase of 15% over the previous year.

The oldest money game of Veikkaus, Football Pools, also showed a slight increase, while the sales of V65 and V5 Off-track Horse Betting decreased by approximately 5%. The most obvious reason for this was the increased distant supply and the shift of consumption in favour of other betting games.

Joker's sales increased, TV games decreased

In the light of sales figures, the reform of Joker in January 1999 was successful. The annual turnover of Joker totalled EUR 64.4 million, an increase

of 11%. The reform of the previously fixed-prize Joker into a jackpot game that offers prizes of varying amounts, together with the customers' opportunity to choose their own Joker numbers was warmly received.

Both of Veikkaus' TV game shows, Spede's TV Games and Bingolotto, suffered from changed broadcasting times and shortened sales periods. The total combined annual sales remained at EUR 15.7 million, showing a 37% decrease. In order to boost TV games sales, Veikkaus has designed a new lottery game, which will be launched as a part of the Around the World TV game show starting in March 2000.

The overall sales of instant games

The turnover of the instant game group, generated EUR 146.0 million in 1999,

an increase of 0.5% over the previous year. In relative terms, season-specific instant tickets sold around Christmas gained the most in popularity.

Continuous product development is necessary

The selection of Veikkaus games – one of the largest in the world – requires constant product development, as the existing game products need to be improved and interesting new games must be launched. Extensive customer feedback provides an excellent way to keep up with consumer wishes and preferences. While looking after the competitive capacity of its present volume products, the company also has to be able to open-mindedly approach new customer groups. The gaming business has to be prepared to seize the opportunities offered especially by the electronic media. ■

Sales and marketing

From left to right:

Terttu Lakner, Secretary; **Esa Valtonen**, Security Manager; **Elina Malmgrén**, Sales Manager; **Kaj Nyqvist**, Product Manager; **Helene Seppälä**, Promotions Manager; **Jussi Isotalo**, Director of Sales and Marketing; **Sirkka Pietiläinen**, Operations Manager; **Markku Köresaar**, Group Brand Manager; **Aarre Kärkkäinen**, Project Manager; **Riitta Sivenius**, Information Specialist; **Jarmo Kuusisto**, Sales Network Manager; **Teuvo Aho**, Product Manager; **Kauko Ryhänen**, Technical Service and Logistics Manager; and **Lea Rostén**, Financial Manager. Not included in the picture: **Jari Vähänen**, Group Brand Manager; **Jari Majjala**, Information Systems Manager; and **Elina Lahti**, Assistant Manager, Communications.



OY VEIKKAUS AB – STRATEGY 2005

The transition of the social and economic environment, hastened by globalisation and technological development, moulds the prerequisites for success at both macro and organisational level, presenting new challenges in intensifying the cooperation between companies and the public sector.

The objective of Veikkaus' Strategy 2005 project is establish a long-term development strategy and action plan whilst facilitating more intense and continuous strategic work.

The project charts Veikkaus' history of strategic choices and evaluates the present situation. It also analyses the different business sectors and devises development alternatives, which are assessed with the help of alternative scenarios describing the operational environment. In addition, it defines future strategies, objectives and pivotal strategic choices. Important targets of the business analyse include, for example, the consumer market, products, services and their added value, technological and product development, distribution channels, brands, competitive position, and core expertise areas. The following issues, among oth-

ers, are emphasised in the operational environment survey: legislative development, internationalisation, integration and EU regulations, new technologies and infrastructures, trade and the development of distribution networks, the entertainment industry and new competitive positions. The project will be carried out mainly during the spring of 2000, and it will consist of the operative group seminars plus smaller-scale meetings of thematic working groups, which will concentrate on analytical and creative work. ■

Strategy 2005 Project Group:

From left to right:

Esa Valtonen, Security Manager;

Matti Ahde, Managing Director;

Aarne Nurmio, Consultant;

Risto Nieminen, Director, Communications;

and **Heikki Niskakangas**, Professor.



THE NEW VEIKKAUS DIPLOMA – THE RESULT OF TEAM WORK BY THE COMPANY’S EXPERTS

Few branches of industry generate as much excitement, drama and human curiosity as money gaming. We are surrounded by tales of all sorts. Friends and acquaintances never tire of asking the details of gaming; statistics, history and facts, including gaming tips. No wonder Veikkaus personnel have long felt the need for further training. This wish became reality in spring 1999, when the personal development plans were drawn up. The majority put down further knowledge of gaming as their main objective.

“Professional money games diploma”

Veikkaus diploma as a term goes back a long way and is familiar to Veikkaus’ personnel. In content, however, the new Veikkaus diploma is an entirely new training module designed to meet present-day needs. The aim is to provide participants with a new kind of relationship with their work: once you grasp the wider framework of your tasks, everyday duties take on a new meaning. The Veikkaus diploma is a logical sequel to the major human resources development project launched at the beginning of 1998.

Capitalising on diploma planning

Veikkaus decided to include only the most competent experts in the planning team – and who could be better qualified for this task than the experts from Veikkaus itself! Only pedagogical experts were hired from outside. The two-phased planning process was carried out by two working groups. The first group defined the issues for which the diploma should offer tools, including related questions.

The conclusions of this working group formed the basis for the work of the Veikkaus Diploma Team. With the help of pedagogical experts, the Diploma Team designed the content and form of the diploma. The aim was to make learning interesting and motivating by, for example, appealing to human curiosity in the planning of the programme. The guiding principle was the same as in all of the company’s human resource development projects: “By doing together, we learn.”

Learning from the experts, guided by tutors

The Veikkaus diploma could be described as a tour of the world of Veikkaus and different kinds of money games. Every study group has its own tutor: a member of Veikkaus’ personnel who has excelled in his or her work. Tutors are also members of the Diploma Team.

Their responsibilities include guidance in the completion of the diploma, encouragement, planning and support. The instructors comprise in-house experts from different fields, as well as outside experts.

Two pioneering groups already under way

In 1999, two groups started to study for the new Veikkaus diploma. By the end of the year, they were half way through their studies, with three days of intensive studies completed and three to go. Although the diploma is not official, the results of learning are still subject to examination. Moreover, the participants are asked for feedback which is continuously utilised in further developing the diploma. The feedback has been posi-

tive and the criticism constructive, which means that the next courses will be able to offer even more to the participants. It goes without saying that the Veikkaus diploma will be an integral part of the course selection of Veikkaus’ own educational institute, the Games Academy, in future. ■

Veikkaus Diploma Team

Elina Lahti, Assistant Manager, Communications;
Päivi Ahtola, Personnel Coordinator;
Jari Vähänen, Group Brand Manager;
Jarmo Kuusisto, Sales Network Manager;
Kaisa Mikkonen, Promotions Manager;
Risto Nieminen, Director, Communications;
and **Kimmo Lipponen**, Research Manager.

THE STRUCTURAL CHANGE IN TRADE AND VEIKKAUS' SALES

Trade is increasingly concentrated in big supermarkets and shopping centres. This development is already evident in Veikkaus' sales and creates pressure for significant changes in the structure of the retailer network.

Between 1998 and 1999, almost 120 local kiosks closed down their Online service desks. Some either closed down altogether or lagged behind the sales objectives set by Veikkaus and, consequently, discontinued their retailing activities.

Supermarket retailing – a challenge to development teams

The movement of customers from the heart of the city and suburbs to out of town supermarkets has created new problems for Veikkaus. Although the sales in supermarkets have increased (8.5% in 1999), this has also resulted in decreased sales as the outlets in shopping centres become excessively busy on Saturdays – the prime time for Veikkaus sales. The personal service and active selling of Veikkaus

products characteristic of kiosks and small shops is likewise absent in supermarkets.

The greatest challenge in the near future will be to improve the standard of Veikkaus' services and the display of products in supermarkets. Veikkaus will also pay special attention to the training and motivation of personnel.

In addition to supermarkets, special retailer outlets, with their 4.5% growth in sales last year, provide good sales spots. The vigorous increase in sales in petrol stations, however, seems to have levelled out. In 1999, sales increased by only 1.5%.

Investing in retailer outlet chains

Retail outlet chains are currently being established. In the long run, this will provide a good opportunity to enhance the visibility of Veikkaus, display of products and different event concepts in retail outlets. The aim is to encourage every major retail outlet to focus on

the special features of Veikkaus products while the outlet is still in the planning stages and while drawing up guidelines.

Retail outlets in southern Finland are becoming concentrated

The field activities of the Sales Department have been carried out in ten districts under the supervision of area managers in regional service centres. The activities of service centres are aimed more at retailers. The reduction in customer sales has been a conscious choice.

At the end of 1999, Veikkaus decided to merge three southern districts to form a single southern Finland sales area. The southern Finland service centre, based at Veikkaus' headquarters, supervises its operations. The operations of the Helsinki service centre will be amalgamated with the southern Finland service centre in early 2000.

Sales team

From left to right:

Lassi Hukkanen, Sales District Manager;

Sinikka Mykkänen, Sales District Manager;

Pekka Metsävainio, Sales District Manager;

Jarkko Puranen, Sales Manager;

Pirjo Selkisalo, Office Manager;

Seppo Kalenius, Sales District Manager;

Jarmo Kuusisto, Sales Network Manager;

Pirkko Laulajainen, Sales District Manager;

Pertti Laanti, Sales District Manager;

Ari Yliluoma, Sales District Manager; and

Risto Sepponen, Sales District Manager.

Not included in the picture:

Heimo Heikkinen, Sales District Manager;

Tarja Selin, Sales District Manager;

Tuija Nissi, Training Manager;

and **Aku Vellamo**, Retailer Outlet Planner

More effective sales network supervision

The classification of retailers and outlets helps to allocate work and other resources more accurately to potential outlets. Measures to facilitate the monitoring and analysis of sales have likewise been pursued.

Communication aimed at retailers has been intensified. In addition to Rasti Ruutuun retailer magazine, Veikkaus now publishes a newsletter for retailers which is sent to each outlet every three weeks. In the near future, retailers will

be able to read up-to-date information on the Internet.

Focus on retailers' professional competence

In 1999, almost 9,500 members of gaming sales personnel received Veikkaus retailer training. A total of 2,500 took part in training courses and a good 3,500 received shorter training sessions.

Almost 3,500 took part in events introducing the changes in Joker and Football Pools. A nation-wide training

session focusing on horse betting and games of skill was also arranged in 1999. The number of events totalled 84 with 2,375 retailers participating.

The greatest challenge faced by Veikkaus is to maintain the professional skills and competence of retailers at a level as high as possible. This will be promoted by the further development of training programmes and by offering training even more actively. ■



DIGITAL TECHNOLOGY OFFERS NEW PROSPECTS FOR VEIKKAUS

Veikkaus will enter the world of digital TV towards the end of 2001. This is when most of the digital TV channels which were granted a licence by Parliament in 1999 start to broadcast. Veikkaus has a 10% share in the sports channel Suomen Urheilutelevisio Oy, which aims at broadcasting mainly live Finnish sports events. The sports channel will also function as a new kind of game provider. Within next couple of years, digital technology will enable true interaction between the viewer and the broadcaster. It will provide an interesting 'playing field' capable of offering money games related to sports and other programmes. While watching television, the viewer can bet on the next player to score a goal or take part in a quiz – all this without leaving the comfort of his own sofa.

Finger on the pulse

The future of communications technology is so unpredictable that no one can say for sure what kind of technological combinations will prove most successful in the near future. Will it be Internet and Television? Mobile phone and SMS? Digital TV?

Whatever it is, Veikkaus will be in the vanguard when the time for breaking new ground is at hand. Finland is not only a leading country in the new media but also a substantial source of know-how in this field. The Digital TV Team maintains a good relationship with Nokia, Sonera, the Future TV project of the University of Tampere and, in fact, with almost all major 'players' in the field.

Kymppitonni TV game show on the Internet in the spring

The work of the Digital TV Team has, in addition to future planning, brought forth concrete ideas. The traditional Kymppitonni TV game show will be launched as an Internet version in the spring of 2000. The Internet services will also contain live broadcasting from sports events. ■

LOTTO PLAYERS IN THE VANGUARD OF DIGITAL TECHNOLOGY DEVELOPMENT

The OnNet service of Veikkaus continued to develop rapidly last year, even without any substantial marketing investments. Its turnover amounted to over EUR 336.4 million per week which presents over 2% of Veikkaus' total sales. Almost 60,000 players have registered and 35,000 of them use OnNet regularly. The further development prospects of OnNet gaming are huge and the advantages obvious.

Substantial investments in technological development

Veikkaus has allocated substantial resource to the development of self-service playing. In 1999, the company took a pioneering step by sponsoring a professorship of Interactive Network Services, shared between Tampere University of Technology and the University of Tampere. Its aim is to train competent personnel for the future needs of the money gaming industry and create even closer contact with applied academic research.

In addition, Veikkaus intensified its participation in digital media research projects with help of research activities

Digital TV Team

Petteri Ahomaa, Producer, Television;
Jarkko Haukilahti, Internet Editor;
Riku Nordlund, Data Communications Manager;
Riku Soininen, Technology Manager;
Risto Rautee, Technical Director;
Risto Nieminen, Director, Communications and **Jari Maijala**, Information Systems Manager.

and pilot projects focusing on future Internet services, TV-like interactive media and pocket-size mobile interfaces, to name but a few. The result, in late 1999, was the inclusion of self-service playing as part of WAP services. Veikkaus was running a functioning test version just before the turn of the Millennium, undoubtedly as the first money game company in the world.

Internet Team has faith in tomorrow

The Internet Team of Veikkaus aims to evaluate and prioritise new development ideas related to Veikkaus' services and games. Towards the end of 1999, several other teams evolved from it, such as a team on digital TV as well as working groups for wireless solutions. Thus the Internet Team, as its name implies, has become a development team focusing on opportunities provided by the Internet, although it also charts the perspectives of future technologies and shares ideas with other teams. The team consists of experts from various fields: technology, games of skill, games of chance, communications, customer service etc.



New channels

In the gaming applications of the new media, traditional coupons will no longer be needed. This will provide an opportunity to create totally new game and service concepts which are simply impossible or unrealistic with the present Online system. In the long run this may result in the creation of a new game system totally independent of the Online system.

Veikkaus' customers will continue to play both familiar and new games in retailer outlets whose service is being continually upgraded. However, they will also play via an increasing number

of self-service channels to which most customers either already have access, or will have access in the next few years through their mobile phones, new mobile media or digital TVs, telephones, the Internet etc.

The boldest estimates on the impact of digital TV in Finland maintain that traditional, analogue TV broadcasting will be history by the year 2006! In addition, approximately 80% of the Finnish population have mobile phones, and equipment with new features are queued up for as long as a year before their launch on the market. From a global perspective, the popularity of SMS is phenomenal, offering us foretaste of what is yet

to come. Similarly, many other future digital services are believed to reach the target groups extremely rapidly if the additional value in the service is clearly discernible. Lotto players will want to be forerunners in many things in addition to playing Lotto.

Development and challenges

Rapid changes and easier playing pose challenges to Veikkaus: it has to be able to find ways to develop supply in a controlled way, so that the ethical responsibility of the company is not forgotten. Veikkaus has to take care that faster playing does not create problems such as compulsive gambling, whilst still considering the needs of the retailers.

The second significant challenge encompasses the exclusion of new customer groups. Today's self-service playing is almost entirely a hobby of young men, and even the division between game groups is entirely contrary to Veikkaus' traditional sales. The number of games of skill in self-service channels is many-fold compared with, for example, lotto games. At the turn of the Millennium, it represented as much as over 5% of the company's total sales of games of skill. ■



Internet Team

From left to right:

- Risto Rautee**, Technical Director;
 - Tapani Jämsen**, Media Designer;
 - Jarkko Haukilahti**, Internet Editor;
 - Laila Purja**, Customer Relations Manager;
 - Riku Nordlund**, Data Communications Manager;
 - Pekka Hoikkala**, Systems Engineer;
 - Petteri Ahomaa**, Producer, Television;
 - Teuvo Aho**, Product Manager;
 - Jari Majjala**, Information Systems Manager;
 - and **Riku Soinen**, Technology Manager.
- Not included in the picture:
- Markku Köresaar**, Group Brand Manager;
 - Jari Vähänen**, Group Brand Manager;
 - and **Esa Valtonen**, Security Manager.

REVISION OF SKILLS GAMES REQUIRES PRECISION AND SENSITIVITY

The selection of Veikkaus' games of skill is constantly in the process of development and transformation. The company must be sensitive to even the most subtle changes in the players' preferences and recognise new trends in the market as early as possible in order that the product development succeeds in rapidly meeting the changing demand.

In addition to sports games experts, the Skills Games team contains professionals from the departments of Sales, Online-Systems, Communications, Information Management, Results Services, and Veikkaaja Magazine. This ensures the inclusion of wide and versatile expertise from various sectors of Veikkaus in game development. The results of the team are already apparent in practice: communication is unrestricted and co-operation partners are kept posted on progress. Different viewpoints and ideas are assessed during the planning process.

The team's personal skills and competence improve and expand rapidly. The team's actual products will be launched onto the market during 2000. The efforts of Skills Games Team also played an important role in Football Pools and Off-track Horse Betting reforms.

In the development of games, each new perspective and idea is welcome. Because of this, Veikkaus arranged a seminar for the best sports games retailers in 1999. Retailers, who are involved

with skills games on a daily basis, had the opportunity of presenting their own views on betting games and horse betting. This resulted in the emergence of several development areas, some of which have already been translated into practice. In 2000, the Skills Games Team and Sales Department will organise a brain-storming competition for the Veikkaus retailers, in order to find more ideas and development areas in sports games. ■



Skills Games Team

From left to right:

Jari Vähänen, Group Brand Manager;

Heino Väyrynen, Online Operator;

Juha Laasila, Product Manager;

Risto Sepponen, Sales District Manager;

Pekka Hoikkala, Systems Engineer;

and **Kati Vuorinen**, Results Service Consultant.

FROM IDEAS INTO PROFITABLE BUSINESS

Veikkaus is known for its significant investments in new technologies and the opportunities offered by television. Harnessing rapidly developing media for the use of money games requires fresh ideas, development allocations and other large-scale investments in different kinds of systems design and implementation.

Development ideas come primarily from teams specialising in games of chance, games of skill, the Internet and other working groups, such as the Digital TV Team.

Effective use of resources

Veikkaus has established a Games Development Steering Group which coordinates the development of the company's games, Online and OnNet game systems. The steering group surveys suggested development plans, decides on the use and focus of development resources, prioritises game development needs and game systems and finally, takes a stand on the appropriateness of resource allocation. It also decides or makes proposals to the company's management group on changes in resource allocation. One of its crucial tasks is to assess, from the perspective of Veikkaus business activities, games under development and other changes taking place in game systems. The steering group also serves as a regular discussion forum between representatives from various sectors.

Changes in game systems are primarily dealt with on the basis of their overall impact and profit expectancy in particular. Each development plan is designed to last for three years.

The implementation of game development projects is continued on the basis of schedule and content, as determined by the steering group. Game and system development requires refined cooperation between operators. For exam-

ple, it is the product managers who are in charge of the administrative decisions while the Department of Information Management is responsible for technical issues and system development. The Departments of Communications, Marketing and Sales supervise tasks related to marketing and retailer cooperation. The Information Management Department coordinates team work in weekly meetings of games development projects. ■

Games Development Steering Group

Jussi Isotalo, Director of Sales and Marketing;
Aarre Kärkkäinen, Project Manager;
Jarmo Kuusisto, Sales Network Manager;
Risto Rautee, Technical Director;
Jari Vähänen, Group Brand Manager;
Risto Nieminen, Director, Communications;
Riku Soininen, Technology Manager;
Markku Köresaar, Group Brand Manager;
Jari Majjala, Information Systems Manager;
and **Esa Valtonen**, Security Manager.

VEIKKAUS YEAR 1999 IN BRIEF

January

Veikkaus was awarded the Intertoto Security Certificate no. 2.

In early January, Veikkaus hosted the European Intertoto meeting with over 40 representatives from European money game operators. The merger of the European organisation for gaming companies AELLE and the European section of Intertoto was discussed during the meeting. The participants reached consensus on the establishment of a new European association.

The Joker reform took place in round 3/99. Formerly a fixed-prized lottery game, Joker is now a game in which the prize distribution is determined by weekly returns and the number of prizes. The Joker jackpot can now reach up to EUR 1.7 million (FIM 10 million). In line with customer feedback, players can use a separate Joker coupon and choose their own lucky numbers. The charge for one Joker game remained at EUR 0.84 (FIM 5).

As Bingolotto and Joker were added to the OnNet game selection in round 3/99, all the Veikkaus games can now be played through the OnNet system. Bingolotto, however, cannot be played via telephone. It is now also possible to play 'permagames' via the OnNet, which means that all the subscriptions stay active so long as players have money in their gaming accounts while the computer performs weekly playing. ■

February

The box charge in Lotto was raised from EUR 0.50 (FIM 3.00) to EUR 0.59 (FIM 3.50) in round 8/99. ■

March

Finns placed bets on the events at the World Ski Championships for almost EUR 1.2 million.

Round 11/99 marked the sixth anniversary of Viking Lotto. By this round, Viking Lotto had made a total of 61 Finns millionaires.

In round 12/99, the 800th prize worth at least a million FIM was won in the Lotto. ■

May

Spede's TV Games underwent a reform in May, round 19/99. The Kymppitonni TV game show entered a partnership with Spede's TV Games and the game now has two weekly draws instead of one. The first draw takes place on Tuesdays in the Kymppitonni TV game show on channel MTV3, and the second with Spede's TV Games at the same time on Friday on the same channel. As before, the prize categories are dependent on the turnover of the draw. The charge for Spede's TV Games remained at EUR 0.42 (FIM 2.50) per box.

Veikkaus took part in the ninth congress of the European association of State Lotteries and Lottos AELLE held in Malta in May. In this historical congress, a new organisation, the European State Lotteries and Toto Association (ESTLA), was established by merging AELLE and the European Section of Intertoto. Veikkaus' Managing Director Matti Ahde was appointed a member of the Executive Committee of ESTLA.

The Ice-hockey Championships kept players busy: a total of EUR 5.4 million was spent on 55 different betting events. ■

June

In June 1-2, Veikkaus hosted a joint meeting of the Executive Committees of the international gaming organisations Intertoto and AILE. This meeting paved the way for the dissolution of the old organisations AILE and Intertoto, scheduled to take place in September 1999, and the establishment of the new World Lottery Association, WLA.

The annual Nordic marketing conference for lottery companies, hosted by Veikkaus, was held on 1-3 June.

On 3-5 June, Veikkaus also hosted an international Internet Gaming Seminar, which charted the opportunities provided by electronic trade with a special view to money games. Over 150 participants from all over the world took part in this successful seminar.

On 24 June 1999, Oy Veikkaus Ab and the Finnish Trotting and Breeding association, Suomen Hippos Ry, signed an agreement pertaining to the continuation of the current system of co-operation involving betting and wagering on horses. The agreement covers horse betting games operated by Oy Veikkaus Ab in which Suomen Hippos Ry is responsible for organising the competition events. The co-operation agreement covers the national V65 Off-track Horse Betting, the national V5 Off-track Horse Betting held in Vermo and Winner Odds Betting (Daily Double, Exacta, Winner Odds Betting). The agreement will remain in effect until 31 December 2000. ■

August

Oy Veikkaus Ab, the University of Tampere and Tampere University of Technology established a chair of Interactive Network Services. The professorship, scheduled for the period of 1999–2003, is divided between the Hyper Media Laboratory of the University of Tampere and the Digital Media Institute of the Tampere University of Technology.

The 500th round was played in Veikkaus' online system. The system was launched on 15 January 1990.

Finns spent approximately EUR 891,396 betting on the events of the Athletics World Championships. ■

September

Veikkaus took part in a joint congress of AILE and Intertoto in Oslo. The old organisations were dissolved and the new World Lottery Association, WLA, was established. Managing Director Matti Ahde is a member of the WLA Executive Committee.

Veikkaus' own personnel training system, the Games Academy, of Veikkaus was launched. It offers the employees a versatile training programme, which helps them to further upgrade their skills in gaming-related issues.

The Voitto kotiin TV game show began on Channel 4. The Ässä Instant game is involved in the programme.

In September it became possible to register with the Veikkaus OnNet service on the Veikkaus web pages on the Internet. The user ID required for playing can be obtained immediately.

In a cruise arranged for the 1,300 best Veikkaus retailers, Tytti Mäkelä from Tampere was nominated the Retailer of the Year 1999. ■

October

The weekly turnover of OnNet exceeded EUR 336,376 in round 41/99.

The 1,500th lotto combination was drawn in round 43/99. ■

November

The selection of odds betting games was expanded by Veikkaus' introduction of a new variation of Winner Odds Results.

Despite its old name, Supertriple is a new game: players bet on the order of the three best competitors in one competition. Supertriple is a more demanding version of Exacta. The old Supertriple, in which players bet on the winner of three different competitions is now called the Daily Triple which is a more demanding version of the Daily Double. With the changes in the games, the coupons were also revised allowing online shared odds betting.

Veikkaus launched a new Veikkaus diploma as part of the company's training policy. The first 60 members of Veikkaus personnel will have completed their diploma by the end of spring 2000. ■

December

The 1,100th prize worth at least a million FIM in the Veikkaus games was won in round 48/99.

On December 15, Veikkaus' general meeting appointed the Board of Directors for 2000–2001. Markku Linna, Director General of the Ministry of Education was appointed the new Chairman of the Board, while Managing Director Matti Ahde was appointed Vice Chairman. Other members are President Pentti Hakkarainen, Director of Sales and Marketing Jussi Isotalo, Director of Television Heikki Lehmusto, Professor Heikki Niskakangas and Managing Director Leena Paananen. Minister of Culture Suvi Lindén represented the State, the owner of Veikkaus, at the general meeting.

Lucky Year instant was launched. Its price is EUR 5 (FIM 30) and the jackpot EUR 42 047 (FIM 250,000). This theme instant ticket was on sale around the New Year.

By the end of 1999, the number of registered OnNet players was 57,498 (28,725 at the beginning of the year).

Extra excitement for the Millennium celebration was provided by an additional Lotto draw with a jackpot worth EUR 1.7 million (FIM 10 million). ■

1999 – A YEAR OF ACTION IN THE INTERNATIONAL FIELD

The international gaming year 1999 marked a historical point for money gaming industries: the long-planned dissolution and the subsequent merger of old cooperation organisations were finally realised. The old division at the global and the European level respectively into the International Association of State Lotteries AILE and Intertoto and into the European organisation AELLE and the European section of Intertoto was replaced by the World Lottery Association (WLA) and the European State Lotteries and Toto Association (ESTLA).

With 145 lottery associations around the world as its members, the World Lottery Association means closer cooperation and the effective protection of the interests of member organisations in the gaming business. Regional organisations maintain contact with associations on their continent, intensifying the communication between them and supervising their interests. From the European perspective, one important aim has emerged: to safeguard the status of gaming organisations within the EU to ensure the continuation of their traditional role as supporters of the national culture and non-profit making activities.

Veikkaus has a pivotal role

Veikkaus hosted two major gaming meetings in 1999. The first was a meeting of the managing directors of Intertoto's European section in Helsinki, in January 1999. In June, the Executive Committees of AILE and Intertoto met for the first time in a joint meeting. Both meetings were fruitful and paved the way for the merger of these associations later that year.

At the European level the merger took place in Malta at the end of May during the ninth congress of AELLE, in

which Veikkaus also took part. Matti Ahde was appointed to the Executive Committee of this new European organisation, ESTLA.

WLA was established in September in connection with the general meetings of AILE and Intertoto held in Oslo Relations '99 congress. Matti Ahde, Managing Director of Veikkaus, is also a member of the WLA Executive Committee.

Internet Gaming seminar proved an international success

In June 1999, AILE and AELLE arranged a seminar on Internet gaming hosted by Veikkaus in which a total of 150 lottery professionals from the member companies of cooperation organisations from all over the world took part. Lecturers at the seminar included Finnish and international experts on the Internet and electronic trade.

Veikkaus was an ideal host for the seminar: as the first national gaming company in the world to offer Internet games to its customers, whose interest in Internet gaming is on the increase, it has a pioneering role.

Activities in the European Football Pools organisation

After the merger, the WLA continued former Intertoto cooperation with the European Football Pools organisation. The objective is to arrange the annual UEFA Intertoto Cup, which will guarantee the continuation of gaming events in Europe during the summer break in national football leagues. Managing Director Matti Ahde is a member of EFP's Board of Directors. ■

VEIKKAUS IN INTERNATIONAL GAMING STATISTICS IN 1999 (FROM 1 JAN TO 30 SEPT 1999)

The new world organisation of the money games sector, World Lottery Association, compiled statistics containing the sales figures per game for its 145 member organisations. WLA has member companies in 79 countries which means that more member organisations were covered by the WLA statistics than by former Intertoto statistics. The statistics cover the period between 1 January and 30 September 1999, and are based on the sales information submitted to the WLA.

The total sales of WLA member organisations from 1 Jan to 30 Sept 1999

	EUR/per capita
Singapore	299.71
Italy	198.80
Norway	163.31
Spain	142.62
Finland	142.46
Iceland	129.00
Sweden	128.16
Cyprus	106.97
Denmark	106.46
Great Britain	105.12

Singapore ranked the first in total sales of WLA member organisations between January and September. Finland was fifth in the total sales statistics.

Lotto games sales (including all lotto games) from 1 Jan to 30 Sept 1999

	EUR/per capita
Italy	185.01
Norway	93.68
Great Britain	88.80
Hong Kong	67.44
Denmark	66.43
Finland	65.09
Australia	56.01
Austria	54.32
Malta	48.61
Belgium	47.26

Italy ranked first in lotto game sales after Lottomatic, with its high sales numbers, joined WLA. Finland was sixth. All lotto games of individual companies are included in the WLA statistics.

Sports games sales (Football pools and betting games) from 1 Jan to 30 Sept 1999

	EUR/per capita
Norway	39.19
Finland	38.52
Sweden	29.60
Singapore	27.25
Denmark	20.01
Italy	13.79
Israel	13.12
Iceland	12.61
Spain	8.75
Greece	8.75

Football Pools and betting games were included in the statistics. Statistics include only the sales figures of state lotteries. Among WLA member organisations, Norway ranked the first in sports games sales. Veikkaus came second in sports games sales.

Instant games sales (including instant win tickets) from 1 Jan to 30 Sept 1999

	EUR/per capita
Cyprus	59.00
Sweden	38.52
France	37.67
USA	33.97
Canada	30.61
Austria	24.22
Israel	23.04
Switzerland	21.53
Belgium	20.35
Finland	19.01

Between January and September, Cyprus had the highest instant games sales. Finland and Veikkaus was tenth. ■

ORGANISATION

Board of Directors

Until 31 Dec 1999

Matti Ahde, Managing Director (Chairman),
Jussi Isotalo, Director of Sales and Marketing (Vice Chairman),
Risto Ikäheimo, Development Director
Heikki Niskakangas, Professor
Eero Pulkkinen, Director of Finance
Risto Rautee, Technical Director

Personnel Representatives:

Regular personnel representative
Tuija Laine, Head of Salaries Office
Deputy personnel representative
Sirkka Pietiläinen, Operations Manager

Secretary of the Supervisory Board and Board of Directors:

Carl-Henrik Nyberg, Company lawyer

From 1 Jan 2000

Markku Linna, Director General (Chairman),
Matti Ahde, Managing Director (Vice Chairman),
Pentti Hakkarainen, President
Jussi Isotalo, Director of Sales and Marketing
Heikki Lehmusto, Director of Television
Heikki Niskakangas, Professor
Leena Paananen, Managing Director

Supervisory Board

Until 31 Dec 1999

Ilkka Kanerva, Member of Parliament (Chairman),
Matti Saarinen, MP (Vice Chairman),
Jukka Gustafsson, MP
Susanna Huovinen, MP
Kauko Juhantalo, LL.M.
Maija-Liisa Lindqvist, Education Planner
Pirkko Peltomo, MP
Jarmo Rantanen, Mayor
Anssi Rauramo, Head of Sports Department
Vuokko Rehn, B.A.
Irja Tulonen, MP
Matti Viialainen, Executive Director
Henry Wiklund, Managing Director

From 1 Jan 2000

Ilkka Kanerva, MP (Chairman),
Matti Saarinen, MP (Vice Chairman),
Jukka Gustafsson, MP
Susanna Huovinen, MP
Matti Huutola, MP
Kauko Juhantalo, LL.M.
Jari Leppä, MP
Maija-Liisa Lindqvist, Education Planner
Pirkko Peltomo, MP
Kirsi Piha, MP
Vuokko Rehn, B.A.
Irja Tulonen, MP
Dag Wallgren, Financial Director

Personnel Representatives:

Regular personnel representative
Teijo Loikkanen, Online Operator
Deputy personnel representative
Teuvo Aho, Product Manager

Auditors

Paula Airasto, Chief Auditor (Deputy auditor **Erkki Mäki-Ranta**, Audit Counsellor)
Pentti Savolainen, M. Sc. Econ., Authorized Public Accountant
The supervisory audit was carried out by KPMG Wideri Oy Ab auditors.

Supervisors

Reijo Naulapää, Chief Director of Police (chief supervisor)
Aulis Gerlander, Head of Data Administrations
Hannele Juusela, (from 1 Jun 1999) Department Secretary
Seppo Juvonen, Chief Inspector
Matti Launiainen, Chief Inspector
Aulis Mäkinen, Chief Inspector
Leena Piipponen, (from 1 Jun 1999) Chief Inspector
Reijo Pöyhönen, Police Chief Inspector
Rauno Sintonen, Assistant Police Commissioner
Kaija Uusisilta, (from 1 Jun 1999) Director of Information Unit
Kirsti Vihermaa, Legislative Counsellor

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THE BOARD OF DIRECTORS' REPORT ON OPERATIONS 1999

General

Veikkaus' turnover exceeded EUR 1 billion, totalling EUR 1,009.5 million in 1999, the 59th year of the company's operations. The turnover grew by 0.3% (EUR 2.9 million). The profit before reserves and fund transfers was EUR 335.5 million, which is EUR 7.8 million less than in 1998. The relative share of sports games in the turnover continued to grow. Since the share of prizes in sports games, betting in particular, is relatively higher than in the company's other games, the gross margin of sales and operating profit failed to reach the previous year's levels. With the help of EUR 27.2 million drawn from the contingency fund, Veikkaus was able to reach the target of EUR 365.5 to be handed over to the ministry.

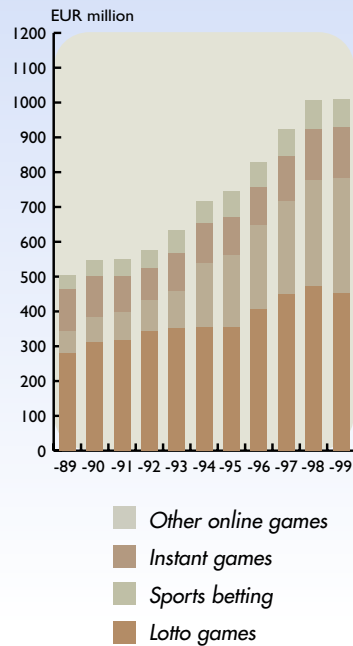
The user-friendliness and real-time features of the OnNet game system were further developed. By the end of 1999, the number of registered OnNet players was 57,498 compared with 28,725 in the previous year. The sales of money games through the OnNet game system totalled EUR 13.9 million.

In 1999, Rautakirja Oy bought the statutory majority of the shares of Yxplus Oy's, the buyer in a shop purchase concluded between Yxplus Oy and Veikkaus in 1995. At the same time, part of the unpaid purchase price was accounted to Veikkaus before due date. The reserve of EUR 1.7 million, entered in the obligatory reserves in 1998 accounting record, was booked as income included in extraordinary items.

Turnover

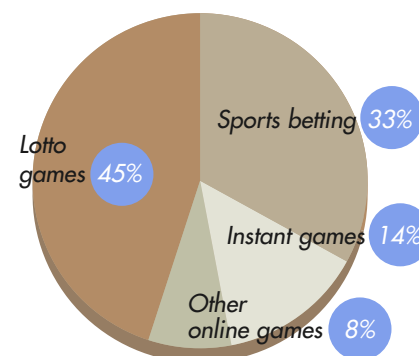
Veikkaus' turnover amounted to EUR 1,009.5 million, showing an increase of EUR 2.9 million (0.3%) over the previous year. Over the past ten years, the turnover has more than doubled. In 1989, it was EUR 504.2 million.

Turnover by product group 1989-1999 (EUR)



The turnover from lotto games totalled EUR 451.1 million; a decrease of 4.4% (EUR 20.7 million) from the previous year. The turnover from sports games grew by EUR 25.9 million (8.4%). The turnover from other online games amounted to EUR 80.1 million; a decrease of EUR 2.9 million (3.5%) from the previous year. Instant games accumulated a turnover of EUR 146.0 million, an increase of EUR 0.7 million (0.5%) from the previous year.

Turnover by product group in percentages of the total turnover in 1999



The turnover from lotto games continues to represent nearly 50% of the company's turnover.

The relative share of the sports games represented 33% of the company's turnover, being 2.6 percentage units higher than last year. The share of lotto games in turnover (45%) decreased by 1.9 percentage units. The share of instant games was 14%; down by 0.4 percentage units from the last year while the share of other Online games was 8% with a decrease of 0.2 percentage units.

In 1999, the box charge of Lotto was raised from EUR 0.50 (FIM 3.00) to EUR 0.59 (FIM 3.50) (round 8), and Joker saw a reform in round 3.

Supertriple and Daily Triple in Result Odds Betting and Winner Odds Betting increased the selection of betting games.

A new instant game, Onnenvuosi (Lucky Year), was launched at the end of December. Lucky Year was sold for EUR 5 (FIM 30) and the payout percentage to the players was 45.

Other proceeds worth EUR 5.9 million include income from subscriptions, single issue sales and the advertising revenue of Veikkaaja magazine. Other proceeds worth EUR 0.8 million consist mainly of rental revenue and accrual recorded as income.

Expences

Commissions worth EUR 72.3 million paid to the retailers were the highest expense item in material and service expenses. The size of the commissions is determined by a commission percentage confirmed for each game individually. During the year under review, they represented 7.2% of the turnover on average (7.3% in 1998). Coupon, lottery ticket and receipt roll costs totalled EUR 6.7 million (6.9 million in 1998). Costs involved in drawing and result information was EUR 4.8 million and cooperation in game events EUR 8.4 million, almost the same as in 1998. EUR 11.0 million, representing 1.1% of the turnover, was used in product advertising.

Datad communications expenses amounted to EUR 5.1 million, of which retailers paid EUR 4.3 million. Publishing costs were EUR 4.7 million, accrued from publishing and sales of Veikkaus magazine. Printing and postage form nearly 50% of the expenses, EUR 2.4 million.

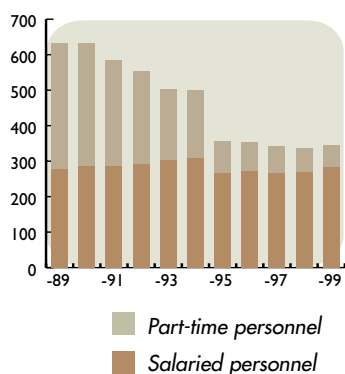
Personnel expenses (EUR 14.8 million) remained close to the levels of the previous year. The share of wages and salaries decreased by EUR 0.3 million, and other social security expenses likewise decreased by EUR 0.3 million. Pensions increased by EUR 0.5 million, mostly resulting from lump-sum payments owing to the use of the flexible retirement age stipulated in the pension regulations.

Other operating charges amounted to EUR 21.3 million. The five highest expense items – totalling EUR 16.1 million (76%) – were EUR 6.3 million spent on the purchase of services; EUR 2.8 million spent on advertising in sports events and retailer outlets and image advertising plus communications costs; EUR 2.2 million spent on travel expenses, freight expenses and transport costs; EUR 2.0 million spent on bank expenses, postal charges and telephone costs; and EUR 1.8 million spent on expenses related to property maintenance, security services and upkeep and finally, EUR 1.0 million spent on licence fees.

Personnel

At the end of the financial year, Veikkaus' salaried personnel totalled 282 and the number of part-time personnel was 64.

Oy Veikkaus Ab personnel 1989 – 1999



The total number of personnel was 346, compared to 335 in 1998; an increase of 11 compared to the previous year. During the financial year, Veikkaus paid a total of EUR 10.9 million in wages and salaries to its personnel.

Investments

In 1999, the overall investments totalled EUR 6.9 million. EUR 3.7 million was spent on computer software, EUR 1.9 million on machinery and equipment, EUR 0.9 million on the Vantaa offices and EUR 0.3 million on other acquisitions.

Acquisitions were covered from the investment reserve (EUR 6.8 million). An investment reserve of EUR 7.4 million for the year 2000 was made from the profit of 1999.

Financial Performance

Veikkaus' operating profit was EUR 342.5 million, being EUR 7.1 million (2.0%) less than last year. Bonus payments, which are tied to the growth of company's operating profit, were not paid in 1999.

A target of EUR 365.5 million to be returned to the government was confirmed. In order to achieve this objective, EUR 27.2 million was taken from the contingency fund in accordance with the decision of the general meeting. At the end of the year, the contingency fund stood at EUR 0.8 million.

Besides returning part of its profits to the government, Veikkaus paid EUR 50.5 million in lottery tax and thus the aggregate sum the government gained from Veikkaus' operations in 1999 was EUR 416.0 million.

The Group

Oy Veikkaus Ab owns the entire share capital of Veikkaus Trading Oy, whose share capital was EUR 36,561.54 on 31 December in 1999. The company had no actual operations in 1999, and since

the profit of Veikkaus Trading Oy does not have an effect on the distribution of Oy Veikkaus Ab's profit, the consolidation required from Group companies has not been carried out, nor has a separate consolidated financial statement been drawn up.

Future Prospects

A proposal for the new Lottery Act was issued by Parliament in December 1999 and it will come into effect at the beginning of the year 2001 at the earliest.

The company's human resources development project lasted the whole of 1999. Both Veikkaus' personnel and outside expertise were involved in the project. The project was established as a part of the company's everyday procedures at the beginning of 2000.

The Criminal Investigation Department's investigation of rigged baseball games, begun in 1998, continues in 2000.

The state budget for the year 2000 confirmed EUR 378.6 million as Veikkaus' profit target while the target in the company's own budget was EUR 345.3 million. With the contingency fund containing EUR 840.940 on 31 December 1999, the target determined in the state budget cannot be reached. Veikkaus informed the Ministry of Education, Ministry of Finance and the Council of State about the matter.

Board of Director's proposal on the distribution of profits

The Board of Directors propose that the entire profit for the financial year from 1 January to 31 December 1999, EUR 365,506,877.36 be returned to the Ministry of Education in accordance with the operating licence.

SOURCE AND APPLICATION OF FUNDS 31 DECEMBER 1999 (EUR)

	1999	1998
Source of funds		
Net profit	365,506,877.36	348,164,925.17
Depreciations	11,884,346.94	10,252,965.30
Change in depreciation reserve	-3,466,883.75	-1,532,021.61
Change in provisions and contingency fund	-28,272,390.44	-3,901,959.89
	<hr/>	<hr/>
	345,651,950.12	352,983,908.96
Change in liabilities	4,058,225.98	12,323,492.34
	<hr/>	<hr/>
	<u><u>349,710,176.09</u></u> EUR	<u><u>365,307,401.31</u></u> EUR
 Application of funds		
Change in current assets	-5,004,386.20	35,569,240.34
Investments (net)	6,549,637.12	6,767,653.28
Handing over of surplus	348,164,925.17	322,970,507.68
	<hr/>	<hr/>
	<u><u>349,710,176.09</u></u> EUR	<u><u>365,307,401.31</u></u> EUR

INCOME STATEMENT JANUARY I - 31 DECEMBER 1999 AND JANUARY I - 31 DECEMBER 1998

	1999	1998
Turnover	1,009,535,075.84	1,006,617,763.34
Other operating income		
Income from publishing	5,899,884.61	5,875,268.04
Other income	<u>765,035.02</u>	<u>641,855.35</u>
Prizes and lottery taxes	528,749,209.63	519,330,659.40
Raw materials and services		
Commissions	72,347,817.51	73,137,855.90
Coupons and lottery tickets	6,712,438.86	6,862,798.86
Costs involved in drawing and result information	4,790,299.37	4,971,550.10
Game event cooperation	8,439,855.92	8,742,147.19
Product advertising	11,030,040.57	9,711,062.11
Communications	813,960.15	744,539.41
Publishing costs	<u>4,722,081.76</u>	<u>4,573,975.33</u>
	378,594,291.70	385,060,298.42
Personnel expenses		
Wages and salaries	10,940,292.09	11,245,577.81
Social security expenses		
Pension expenses	2,637,063.64	2,120,187.49
Other social security expenses	<u>1,247,557.10</u>	<u>1,493,175.56</u>
Depreciation and reduction in value		
Depreciation according to plan	11,884,346.94	10,252,965.30
Other operating charges	<u>21,260,816.37</u>	<u>20,619,209.67</u>
Operating profit	330,624,215.56	339,329,182.59
Financial income and expenses		
Interest income and other financial income	3,202,670.19	3,456,741.76
Interest expenses and other financial expenses	<u>29,592.02</u>	<u>10,297.33</u>
	3,173,078.17	3,446,444.43
Profit before extraordinary items	333,797,293.73	342,775,627.02
Extraordinary items		
Extraordinary income	<u>1,681,879.26</u>	<u>462,037.46</u>
Profit before appropriations and taxes	335,479,172.99	343,237,664.48
Appropriations		
Change in depreciation reserve	3,466,883.75	1,511,537.80
Change in untaxed reserves	571,838.95	2,186,443.04
Change in contingency fund	27,162,350.12	5,634,295.54
Direct taxes	<u>29,690.55</u>	<u>32,129.61</u>
Net profit for the financial year	<u>365,506,877.36</u> EUR	<u>348,164,925.17</u> EUR

BALANCE SHEETS 31 DECEMBER 1999 AND 31 DECEMBER 1998

	1999		1998	
Assets				
Non-current assets				
Intangible assets				
Computer software		8,242,051.16		7,593,218.99
Tangible assets				
Land and waters	1,186,281.49		1,181,693.33	
Buildings and constructions	13,837,525.40		13,517,211.39	
Machinery and equipment	<u>13,526,090.80</u>	28,549,897.69	<u>19,542,777.38</u>	34,241,682.10
Investments				
Shares and holdings		8,856,131.41		8,856,131.41
Advance payments and investments in progress		0.00		291,757.57
Current assets				
Advance payments		344,560,894.59		327,253,455.56
Debtors				
Trade debtors	16,413,827.63		7,793,513.66	
Prepayments and accrued income	1,796,003.04		1,985,247.82	
Other debtors	<u>803,367.14</u>	19,013,197.81	<u>3,481,000.42</u>	13,259,761.91
Cash in hand and at banks		<u>81,536,502.16</u>		<u>109,601,763.29</u>
		<u>490,758,674.82</u>	EUR	<u>501,097,770.83</u>
Liabilities				
Capital and reserves				
Subscribed capital	168,187.93		168,187.93	
Legal reserve	277,510.08		277,510.08	
Contingency fund	840,939.63		28,003,289.76	
Building fund	<u>3,868,322.31</u>	5,154,959.95	<u>3,868,322.31</u>	32,317,310.07
Profit for the financial year	<u>365,506,877.36</u>		348,164,925.17	
Appropriations				
Change in depreciation reserve	32,966,644.74		36,433,528.49	
Untaxed reserves	<u>11,840,430.02</u>	44,807,074.76	<u>11,268,591.07</u>	47,702,119.56
Provisions		0.00		1,681,879.26
Creditors				
Advances received				
Advances received from multi-week subscriptions		15,062,963.49		11,927,403.37
Trade creditors		3,915,207.34		3,461,555.27
Other creditors				
Wins payable	20,233,212.03		22,198,138.03	
Settlement debts to the state	<u>9,198,772.95</u>	29,431,984.98	<u>9,712,613.80</u>	31,910,751.84
Accruals and deferred income		11,721,224.42		14,611,170.87
Other current/short-term liabilities		<u>15,158,382.52</u>		<u>9,320,655.43</u>
		<u>490,758,674.82</u>	EUR	<u>501,097,770.83</u>

SPECIFICATION OF TURNOVER PER GAME

	1999		1998	
	Turnover (EUR thousand)	Share of turnover %	Turnover (EUR thousand)	Share of turnover %
Football Pools	54,746	5.4	54,105	5.4
Lotto	400,648	39.7	419,056	41.6
V65 Off-track Horse Betting	31,713	3.1	32,862	3.3
V5 Off-track Horse Betting	25,498	2.5	27,615	2.7
Joker	64,361	6.4	57,964	5.8
Viking Lotto	50,434	5.0	52,669	5.2
Fixed Odds Betting	89,636	8.9	92,949	9.2
Result Odds Betting	108,106	10.7	78,332	7.8
Winner Odds Betting	22,654	2.2	20,651	2.1
Spedes TV Games	12,754	1.3	18,433	1.8
Bingolotto	2,966	0.3	6,619	0.7
Ässä instant	53,392	5.3	52,574	5.2
Casino instant	66,578	6.6	65,488	6.5
Luontoarpa (Nature) instant	6,795	0.7	5,940	0.6
Afrikan Tähti (African Star) instant	14,553	1.4	10,024	1.0
Sapatti (Sabbatical) instant	- 0	- 0.0	8,778	0.9
Joulukalenteri (Cristmas) instant	3,099	0.3	2,561	0.3
Onnenvuosi (Lucky Year) instant	1,602	0.2	-	-
Total	1,009,535	100.0	1,006,618	100.0

KEY RATIO COMPARISON 1998 – 1999 (EUR million)

	1999	1998	difference	difference%
Turnover	1,009.5	1,006.6	+2.9	+0.3
Commissions	72.4	73.1		
Prizes	478.3	469.0		
Lottery taxes	50.5	50.3		
Coupons, lottery, tickets and receipt rolls	6.7	6.8		
Other variable costs	13.2	13.7		
Gross margin of sales	388.5	393.6	-5.1	-1.3
Personnel expenses	14.8	10.3		
Rents and leases	0.5	0.4		
Other fixed expenses	30.7	28.7		
Operating profit before depreciations	342.5	349.6	-7.1	-2.0
Depreciations	11.9	10.3		
Financial income and expenses	3.2	3.4		
Extraordinary income and expenses	1.7	0.5		
Change in depreciation reserve and provisions	2.9	0.7		
Taxes	0.03	0.03		
Profit before contingency fund transfers	338.3	342.5	-4.2	-1.2
Use of contingency fund	27.2	5.6		
Net profit	365.5	348.1	+17.4	+5.0

DEPRECIATIONS ACCORDING TO PLAN (EUR)

	1999	1998
Buildings and constructions	641,143.69	616,421.11
Machines and equipment	11,243,203.25	9,636,544.19
	<u>11,884,346.94</u> EUR	<u>10,252,965.30</u> EUR

CHANGE IN DEPRECIATION RESERVE

Buildings and constructions	10,356,978.49	9,842,781.34
Machines and equipment	18,617,982.96	22,599,063.85
Permanent fixed assets	3,991,683.29	3,991,683.29
	<u>32,966,644.74</u> EUR	<u>36,433,528.49</u> EUR

CHANGE IN DEPRECIATION RESERVE (EUR)

Changes in depreciation reserve in the Balance Sheets	
- Change in depreciation reserve 1 January 1999	36,433,528.49
- Acquisitions covered by investment reserves during the financial year 1999	6,828,429.81
- Adjustment of planned depreciations covered by investment reserves	-10,295,313.56

Change in depreciation reserve in the Balance Sheets 31 December 1999

32,966,644.74 EUR

Oy Veikkaus Ab's depreciation differences of the depreciation reserve covered by the investment reserve and the planned depreciation. Planned depreciations are calculated as from the original acquisition price according to the economic lifetime of fixed assets.

Planned depreciation periods

- Buildings and constructions	25 years
- Machinery, equipment and fittings of real estates	5 years
- Other machines and equipment	4 years
- Computer software and equipment	4 years

FINANCIAL INCOME AND EXPENSES

	1999	1998
Income from dividends	125,510.41	125,292.94
Interest income		
from long-term investments	319,557.06	336,951.62
from short-term investments	2,723,467.95	2,949,734.63
Other financial income	18,997.99	29,912.49
Foreign exchange profit or loss	-26,795.74	-8,772.35
Interest expenses	-2,796.28	-1,524.96
Income of the financial services office	15,136.78	14,850.08
	<u>3,173,078.17</u> EUR	<u>3,446,444.45</u> EUR

PERSONNEL EXPENSES (EUR)

	1999	1998
Wages and Pension expenses	10,940,292.09	11,245,577.81
Pension expenses	2,637,063.64	2,120,187.49
Other social security expenses	1,247,557.10	1,493,175.56
	<u>14,824,912.83</u> EUR	<u>14,858,940.86</u> EUR
Fees to the Board of Directors	15,557.38 EUR	12,950.47 EUR

Members of the management whose employment with the company began before 1 January 1994 retire at the age of 63. Other pension benefits comply with the general benefits specified in the Employments Pension Act and are covered through a pension insurance company.

FIXED ASSETS, DEPRECIATION DIFFERENCES AND DEPRECIATIONS 31 DECEMBER 1999

Buildings and constructions		Vantaa	Kirkkonummi	Lottomaja
Acquisition costs	1 Jan 1999	14,677,068.84	1,500,652.04	617,828.95
Increase	1 Jan - 31 Dec 1999	878,762.72	76,243.83	6,451.15
Decrease	1 Jan - 31 Dec 1999	-	-	-
Acquisition costs	31 Dec 1999	<u>15,555,831.57</u>	<u>1,576,895.87</u>	<u>624,280.10</u>
Accumulated depreciations	1 Jan 1999	2,807,293.58	264,313.90	206,730.98
Depreciation for the financial year		<u>564,179.73</u>	<u>56,335.48</u>	<u>20,628.49</u>
Accumulated planned depreciations	31 Dec 1999	<u>3,371,473.30</u>	<u>320,649.38</u>	<u>227,359.47</u>
Book value	31 Dec 1999	<u>12,184,358.27</u> EUR	<u>1,256,246.49</u>EUR	<u>396,920.64</u>
Machinery and equipment		Stationery machinery	Office equipment, furniture and equipment	Computer and fixture software
Acquisition costs	1 Jan 1999	1,206,119.80	35,321,045.71	13,794,770.36
Increase	1 Jan - 31 Dec 1999	99,118.32	1,917,756.33	3,733,636.73
Decrease	1 Jan - 31 Dec 1999	-	-	-
Acquisition costs	31 Dec 1999	<u>1,305,238.11</u>	<u>37,238,802.03</u>	<u>17,528,407.10</u>
Accumulated depreciations	1 Jan 1999	617,115.30	17,243,982.54	6,201,551.37
Depreciation for the financial year		<u>182,290.75</u>	<u>7,807,252.39</u>	<u>3,084,804.57</u>
Accumulated planned depreciations	31 Dec 1999	<u>799,406.06</u>	<u>25,051,234.93</u>	<u>9,286,355.94</u>
Book value	31 Dec 1999	<u>505,832.05</u>EUR	<u>12,187,567.10</u>EUR	<u>8,242,051.16</u>
		Company cars	Art works	
Acquisition costs	1 Jan 1999	1,010,942.82	485,748.58	
Increase	1 Jan - 31 Dec 1999	130,157.27	30,595.07	
Decrease	1 Jan - 31 Dec 1999	-35,914.89	-	
Acquisition costs	31 Dec 1999	<u>1,105,185.21</u>	<u>516,343.64</u>	
Accumulated depreciations	1 Jan 1999	619,981.67	-	
Depreciation for the financial year		<u>168,855.54</u>	-	
Accumulated planned depreciations	31 Dec 1999	<u>788,837.21</u>	-	
Book value	31 Dec 1999	<u>316,348.00</u>EUR	<u>516,343.64</u>EUR	

REVALUATION

The land and buildings sector contains a revaluation of EUR 167,346.99 for the real estate of the company's Vantaa offices.

SHARES AND HOLDINGS 31 DECEMBER 1999 (EUR)

Subsidiaries		Book value	Market value
Oy Veikkaus Trading Ab, Vantaa	100%	33,637.59	
		<u>33,637.59</u> EUR	
Shares in telephone companies and telephone subscriptions	49	21,262.65	
Shares in real estate and housing corporations	34.724	8,086,257.48	
Other shares	2.102	352,378.26	
		<u>8,459,898.39</u> EUR	
Listed shares			
Helsingin Puhelin Oyj,			
HPY Holding Oyj	12.480	35,110.67	500,331.00
Tampereen Puhelin Oyj	4.250	7,946.54	31,917.50
Alma Media Oyj	91.300	313,118.83	2,875,950.00
Rautakirja Oyj	11.232	6,419.40	552,240.00
		<u>362,595.43</u> EUR	<u>3,960,438.50</u> EUR
		<u>8,856,131.41</u> EUR	

No changes took place in shares and holdings in 1999.

Veikkaus had only short-term receivables and liabilities in 1999.

Securities in 1999 comprised short-term certificates of deposit and market money, and one Finland State's obligation of EUR 3,363,758.53.

EQUITY AND SHAREHOLDER'S EQUITY EQUITY IN 1999 (EUR)

Restricted equity

Share capital		168,187.93
Reserve funds		
Reserve fund I	252,281.89	
Reserve fund II	<u>25,228.19</u>	277,510.08

Other equity

Contingency fund 1 Jan 1999	28,003,289.76	
Used in 1999	<u>27,162,350.12</u>	
Contingency fund 31 Dec 1999	840,939.63	
Building fund 31 Dec 1999	<u>3,868,322.31</u>	4,709,261.94
Retained earnings 1 Jan 1999	348,164,925.17	
Handed over to the Ministry of Education	348,164,925.17	
Net profit for the financial year	<u>365,506,877.36</u>	365,506,877.36
		<u>370,661,837.31</u> EUR

CHANGE IN CONTINGENCY FUND INVESTMENT RESERVE AND OBLIGATORY RESERVES IN 1999

Contingency fund 1 Jan 1999	28,003,289.76
Use of contingency fund	-27,162,350.12
Contingency fund 31 Dec 1999	840,939.63
Investment reserve 1 Jan 1999	11,268,591.07
Use of investment reserve	-6,828,429.81
New investment reserve	7,400,268.76
Investment reserve 31 Dec 1999	11,840,430.02
Obligatory reserve 1 Jan 1999	1,681,879.26
Decrease of obligatory reserve	-1,681,879.26
Obligatory reserve 31 Dec 1999	0,00

Change in contingency fund and provisions in 1999 **-28,272,390.440 EUR**

Extraordinary income includes EUR 1,681,879.26 worth of obligatory reserves booked as extraordinary income.

CONTINGENT LIABILITIES 31 DEC 1999

Guarantees

For debts of others

6,727.52 EUR

BOARD OF DIRECTORS OF OY VEIKKAUS AB

Vantaa, 7 February 2000



Markku Linna



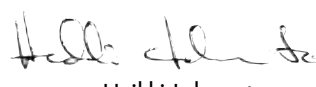
Matti Ahde



Pentti Hakkarainen



Jussi Isotalo



Heikki Lehmusto



Heikki Niskakangas



Leena Paananen

A report on the audit has been given today. The financial statements have been prepared in accordance with generally accepted accounting principles.

Vantaa, 16 February 2000.



Paula Airasto,
Certified Accountant



Pentti Savolainen,
Authorised Public Accountant

AUDITORS' REPORT

To the shareholders of Oy Veikkaus Ab

We have audited the accounts, the accounting record and the administration of Oy Veikkaus Ab for the financial year 1 January to 31 December 1999. The financial statements prepared by the Board of Directors and the Managing Director include a report on operations, an income statement, a balance sheet and notes to the financial statements. Based on our audit, we give our opinion on the financial statements and administration.

We have conducted our audit in accordance with the Finnish Generally Accepted Auditing Standards. Those standards require that we examine the accounting record and the preparation principles, the contents and presentation of the financial statements to an extent sufficient to obtain reasonable assurance on whether the financial statements are free of material misstatement or deficiencies. The purpose of our audit of company administration has been to ensure that the Board of Directors and Managing Director have complied with the rules of the Companies Act.

In our opinion, the financial statements have been prepared in accordance with the Accounting Act and other rules and regulations governing the preparation of financial statements in Finland. The financial statements give a true and fair view, as defined in the Accounting Act, of the company's result of operations, as well as of its financial position. The financial statements can be approved, and the members of the Board of Directors and Supervisory Board, and the Managing Director can be discharged from liability for the period audited by us. The proposal of the Board of Directors on the distribution of profit for the year is in compliance with the Companies Act.

Vantaa, 16 February 2000



Paula Airasto,
Certified Accountant



Pentti Savolainen,
Authorised Public Accountant

LIST OF ACCOUNTING BOOKS

The actual accounting books are

- Balance sheet book, bound
- Notes to the balance sheets, one bound book for each fiscal period
- General ledger for each month, printed on continuous stationery
- Journal for each month, printed on continuous stationery
- Accounts payable and received of retail agents by event printed on continuous stationery, for each month
- Payroll accounting as payroll per wage period
- Cash accounting books and bank journals for each day, printed on continuous stationery

MATCHING PRINCIPLES APPLIED IN PREPARATION OF FINANCIAL STATEMENT

Capitalisation of turnover

Veikkaus' games sales are divided into specific financial periods depending on the drawing dates. Of the sales from round 53 in 1998, a total of EUR 14.5 million, were recorded in the 1999 turnover. The actual drawing for round 52 took place on 2 January 2000. For this reason, the turnover from 52/99 from games in which the result was completed or drawn before 31 December 1999 at the latest was recorded in the 1999 turnover. Games included in the 1999 turnover were Viking Lotto, Spede's TV Games, BINGOLOTTO, V5 Off-track Horse Betting, completed games from Fixed Odds Betting (EUR 0.9 million), completed games from Result Odds Betting (EUR 0.8 million), and completed games from Winner Odds Betting (EUR 0.1 million).

The EUR 1,681,879 Millennium drawing of Lotto took place on 31 December 1999. The turnover of Lotto from round 52 up to that date was included as its turnover in proportion to the distributed prize pools. Calculated in this way, EUR 2.9 million from Lotto in round 52/99 belongs to the 1999 turnover.

Capitalisation of expenses

Purchase invoices from the year 1999 received before 15 January 2000 were entered in the corresponding accounts and cost pools. An expense reserve was established for non-received accounts of expenses.

The capitalisation of holiday pay and insurance premiums was reviewed.

Non-received receivables worth EUR 0.04 million from both retail accounting and failed collection have been recorded as expenses.

Research and product development costs of EUR 0.6 million have been recorded as expenses in the year under review.

Capitalisation

Acquisitions worth EUR 6.8 million in the financial year were covered by the investment reserve. The reserve of EUR 11.3 million in the balance sheets on 31 December 1998, was set aside for purchase of machines, equipment and software.

In compliance with the decision made in the general meeting, an investment reserve of EUR 7.4 million from the 1999 profits was reserved for acquisitions in 2000.

The contingency fund

On 1 January 1999, the contingency fund stood at EUR 28 million. In accordance with the decision made in the general meeting, EUR 27.2 million from the fund was transferred to the 1999 profits. The contingency fund stood at EUR 840.939 on 31 December 1999.

LOTTO IS STILL VEIKKAUS' MOST POPULAR GAME

Lotto games

The total turnover from lotto games was EUR 451.1 million, showing a decrease of 4.4% from the previous year. Lotto and Viking Lotto retained the same proportion of the total turnover of the games group as the previous year: 88.8% for Lotto and 11.2% for Viking Lotto.

The price per box increased in Lotto; Viking Lotto distributed extra prizes

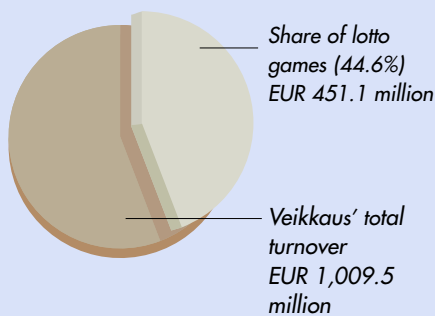
The total turnover from Lotto was EUR 400.6 million, a decrease of 4.4% (EUR 419.1 million in 1998).

In order to ensure the popularity of Lotto, Veikkaus carefully attends to the

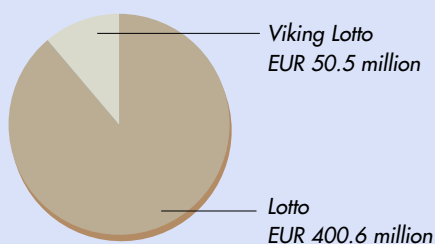
central success factors. The raised box charge reduces the number of boxes in the draw, increasing the likelihood of jackpots. The price increase from FIM 3.00 (EUR 0.50) to FIM 3.50 (EUR 0.59) came into force in the last week of February. The previous increase was at the beginning of 1996 (from FIM 2.50 (EUR 0.42) to FIM 3.00 (EUR 0.50)).

The turnover of Viking Lotto, six years old in 1999, generated EUR 50.5 million; a 4.2% decrease (EUR 52.7 million in 1998). The number of jackpots remained at normal level whereas there were only three double jackpot prize pools. Two extra prizes were distributed in 1999: in the spring, the customary additional FIM 6 million (EUR 1 million) jackpot was drawn, and in the autumn, the use of additional money to increase

Share of lotto games (Lotto and Viking Lotto) of Veikkaus' total turnover in 1999



Turnover from lotto games by game in 1999



- The total turnover from lotto games amounted to EUR 451.1 million, representing a 4.4% decline.
- The turnover from Lotto decreased by 4.4% with to EUR 400.6 million.
- The box charge for Lotto was raised to FIM 3.50 (EUR 0.59).
- Viking Lotto generated a turnover of EUR 50.5 million, a decrease of 4.2%.

the jackpot in ordinary draws was tested. The prize totalled EUR 1 million, and the jackpot won in the same round amounted to approximately EUR 2.4 million. The turnover for that round increased by over 82% which is a couple of per cent more than in the spring round.

The average amount Finns spent on Lotto last year was EUR 77.81 per capita (83.25 per capita in 1998). The average stake per coupon was EUR 4.41 (EUR 4.18). Finns spent an average of EUR 9.78 per capita (EUR 10.50 per capita) on Viking Lotto and the average stake per coupon was EUR 2.94 (EUR 2.99).

Over FIM 1 billion worth of prizes paid out in lotto games

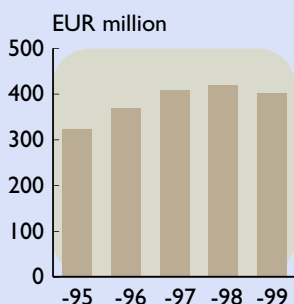
A total of EUR 159.8 million worth of Lotto prizes (EUR 168.8 million in 1998) was distributed last year, which means almost 8.4 million prizes of varying amounts (compared with 10.4 million in 1998). The number of jackpots of FIM one million (EUR 168.188) or more was 51. Almost three million prizes were paid out in Viking Lotto, amounting to EUR 17.8 million (in 1998, 3.2 million prizes worth EUR 22.6 million were distributed). In 1999, ten Finnish players won the jackpot in Viking Lotto, two in consecutive rounds.

Other Online games

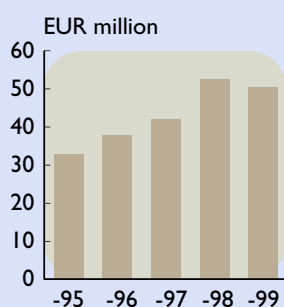
JOKER'S REFORM SUCCESSFUL – THE SALES OF TV GAMES DECLINED

The combined turnover of other online games amounted to EUR 80.1 million, which meant a decline of 3.5% in turnover. Thanks to the reform launched in 1999, Joker posted a turnover of EUR 64.4 million and showed an increase of 11% (EUR 58.0 million in 1998). The most significant change took place in prize distribution: formerly a fixed-prize lottery game, the prize distribution in Joker is now based on the weekly turnover of the game and the number of winnings. The jackpot in Joker may amount to as much as EUR 1.7 million.

Turnover from Lotto from 1995 to 1999



Turnover from Viking Lotto from 1995 to 1999



- The combined turnover of other online games amounted to EUR 80.1 million, a turnover decline of 3.5%.
- The reform of Joker was successful, boosting the turnover by 11% to EUR 64.4 million.
- The turnover of Spede's TV Games decreased by 30.8% to EUR 12.8 million.
- An additional draw was introduced in Spede's TV Games, which now has two draws.
- Bingolotto generated a turnover of EUR 2.9 million, representing a 55.2% decrease.

As a result of customer feedback, Joker can now be played with an individual coupon and the player's own lucky numbers. The price per one Joker game continues to be FIM 5 (EUR 0.84).

The turnover of Spede's TV Games declined by 30.8% to EUR 12.8 million. Spede's TV Games was renewed last May, as two weekly TV draws instead of only one were introduced. In the absence of jackpots, undistributed prizes roll over to the next jackpot draw – from Tuesday to Friday and from Friday to Tuesday. In terms of other prize categories, both draws are independent. The prize categories are dependent on the gaming turnover and remained unchanged. The box charge in Spede's TV Games remained at the 1998 level, FIM 2.50 (EUR 0.42).

Joker was again the most popular game of the online games group

Finns spent EUR 12.60 (EUR 11.52 in 1998) on average on Joker, the most popular game of the group of the online games. The average stake per capita on Spede's TV Games was EUR 3.07 (EUR 2.99 in 1998), and the average stake per coupon was EUR 2.47 (EUR 3.59 in 1998). The average amount Finns spent on Bingolotto was EUR 0.56 per capita (EUR 3.36 per capita in 1998).

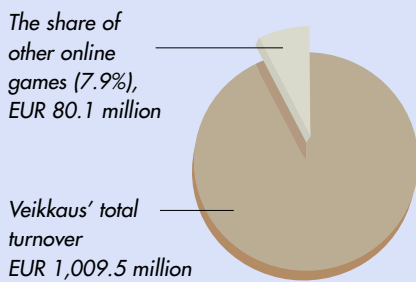
A total of EUR 34.3 million distributed

A total of EUR 23.9 million (EUR 23.7 million in 1998) was paid out in Joker, and the number of individual prizes was

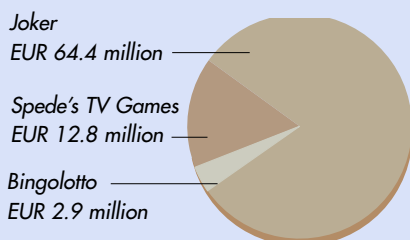
slightly over 800,000 (in contrast to 1.4 million in 1998). The prizes paid in Spede's TV Games amounted to EUR 8.7 million (EUR 7.2 million in 1998), and a total of 983,060 (942,968 in 1998) individual prizes of varying amounts were paid out. The prizes in Bingolotto totalled EUR 1.8 million (EUR 2.9 million in 1998), and the number of individual prizes was 81,235 (187,097 in 1998).

As many as ten prizes of FIM 1 million (EUR 168.168) or more were distributed last year in Joker, two in Bingolotto and one in Spede's TV Games. ■

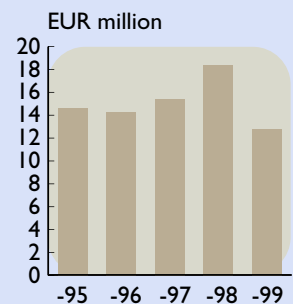
Share of other online games (Joker, Spede's TV Games, Bingolotto) of Veikkaus' total turnover in 1999



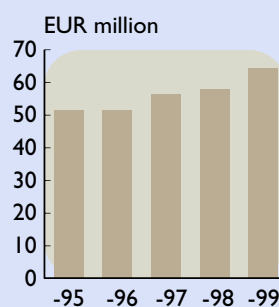
Turnover from other online games by game group in 1999



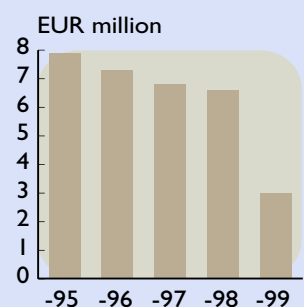
Turnover from Spede's TV Games from 1995 to 1999



Turnover from Joker from 1995 to 1999



Turnover from Bingolotto from 1995 to 1999



Instant games

CHRISTMAS TIME BOOSTS INSTANT GAME SALES

In 1998, Veikkaus offered six instant games. Ässä, Casino, Luontoarpa (Nature) and Afrikan Tähti (African Star) instant were on sale throughout the year, Joulukalenteri (Christmas) instant was sold in November and December and Onnenvuosi (Lucky Year) instant, inspired by the turn of the Millennium, was launched after the Joulukalenteri (Christmas) instant selling period in December 1999, with the sales continuing until the end of January 2000. During the week of December it was on sale, its sales totalled approximately EUR 1.6 million.

In 1999, the instant game product group recorded a turnover of EUR 146.0 million, an increase of 0.5% over the previous year. Casino continued to be Veikkaus' most popular instant game in 1999, accounting for EUR 66.6 million. This represents an increase in turnover of 1.7%, while the turnover from Ässä instant grew by 1.6% to EUR 53.4 million. Afrikan Tähti (African Star) instant, launched in October 1998, found its market with an approximate weekly sales of EUR 252,282. Its annual turnover was EUR 14.6 million, and sales grew by 45.2%. The Luontoarpa (Nature) instant illustrations were redesigned on the basis of consumer feedback, which in turn increased its attraction and demand for the game: Luontoarpa (Nature) instant generated a turnover of EUR 6.8 million, an

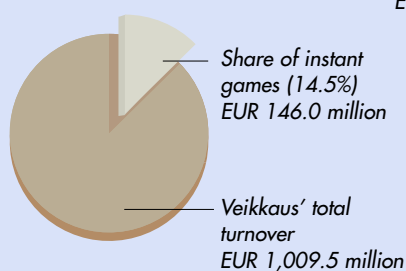
improvement of 14.4%. Joulukalenteri (Christmas) instant, sold only in November and December, brought in EUR 3.1 million; up by 21.1%.

Finns spent approximately EUR 28 per person on instant games

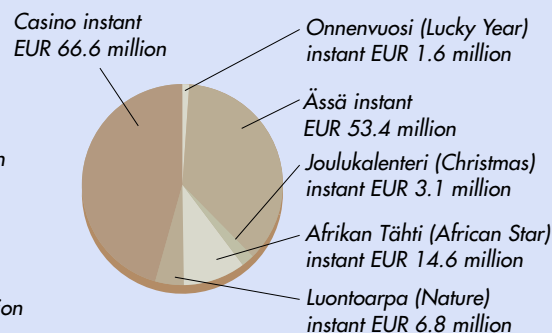
The amount Finns spent on Veikkaus' instant games in 1999 was some EUR 28 per capita (EUR 27 per capita in 1998). The average sum spent on the most popular one, Casino instant, was EUR 12.85 (EUR 13.01 per capita) while the corresponding sum for Veikkaus' oldest instant game, Ässä instant, was approximately EUR 10.31 per capita (EUR 10.44 per capita in 1998). Players spent an average of EUR 2.80 (EUR 2.15 per

- Instant games recorded a turnover of EUR 146.0 million, representing only a 0.5% increase.
- Casino instant continued to be Veikkaus' most popular instant game in 1999 with a turnover of EUR 66.6 million and a growth of 1.7% over the previous year.
- Afrikan Tähti (The African Star) instant, launched in late 1998, generated the greatest increase in turnover, totalling 45.2%. The turnover from African Star amounted to EUR 14.6 million.
- Ässä instant generated a EUR 53.4 million turnover; an increase of 1.6% over the previous year.
- The turnover from Luontoarpa (Nature) instant grew by 14.4% to EUR 6.8 million.
- Joulukalenteri (Christmas) instant generated a turnover of EUR 3.1 million, an increase of 21.1%.
- Onnenvuosi (Lucky Year) theme instant, celebrating the turn of the Millennium, generated sales worth EUR 1.6 million during its first week on sale at the end of December.

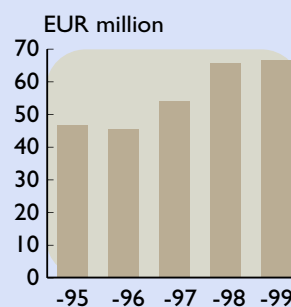
Share of instant games of Veikkaus' total turnover in 1999



Turnover from instant games by game in 1999



Turnover from Casino instant from 1995 to 1999



capita) on the Afrikan Tähti (African Star) instant, EUR 1.31 (EUR 1.18 per capita) on Luontoarpa (Nature) instant, EUR 0.58 (EUR 0.50 per capita in 1998) on Joulukalenteri (Christmas) instant and EUR 0.32 on Onnenvuosi (Lucky Year) instant.

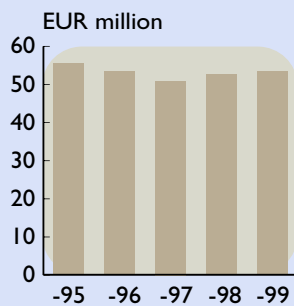
Prizes worth almost EUR 67.9 million

In 1999, Veikkaus paid out 10.1 million different prizes in instant games with a total worth of EUR 67.9 million. In 1999, there were 277 jackpots while in 1998 there were 305. Casino instant players won the highest number of jackpots, 129 (compared with 149 in 1998). The size of the jackpot varied from EUR 8,499 to EUR 33,638 depending on the game. ■

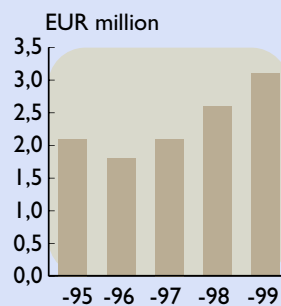
Number of jackpots in instant games in 1999 and 1998

	1999	1998
Casino instant	129	149
Ässä instant	91	94
Luontoarpa (Nature) instant	40	34
Joulukalenteri (Christmas) instant	13	13
Sapatti-instant (instant win)	-	12
Afrikan Tähti (African Star) instant	4	3
Total	277	305

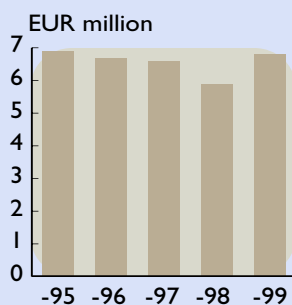
Turnover from Ässä instant from 1995 to 1999



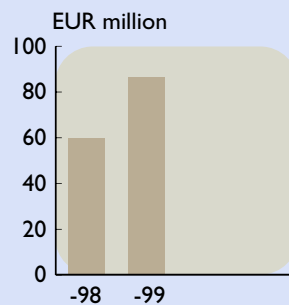
Turnover from Joulukalenteri (Christmas) instant from 1995 to 1999



Turnover from Luontoarpa (Nature) instant from 1995 to 1999



Turnover from Afrikan Tähti (African Star) instant from 1995 to 1999



Number of instant tickets sold in 1999 and 1998

	1999
Ässä instant	21.163.678
Casino instant	19.792.867
Afrikan Tähti instant	4.326.433
Luontoarpa instant	4.040.083
Joulukalenteri instant	614.198
Onnenvuosi instant	317.497
Total	50.254.756

	1998
Ässä instant	20.839.292
Casino instant	19.468.560
Luontoarpa instant	3.531.844
Afrikan Tähti instant	2.980.035
Sapatti-instant	2.609.550
Joulukalenteri instant	507.591
Total	49.936.872

Sports games

THANKS TO MULTIBET, RESULT ODDS BETTING GAINED POPULARITY IN 1999

The total combined turnover from all games of skill was EUR 332.4 million in 1999. Compared with the previous year, this game group improved its sales by 8.4%. Betting games (Fixed Odds Betting, Result Odds Betting, Winner Odds Betting) represented EUR 220.4 million (66.3%) of the group's turnover while horse betting accounted for EUR 57.2 million (17.2%) and Football Pools EUR 54.7 million (16.5%) of the turnover.

The game group saw some changes last year: the new successful Multibet brought in more gaming turnover although a part of this turnover came from money formerly spent on Fixed

Odds Betting and Result Odds Betting. Last year EUR 6.4 million was spent weekly on games of skill: the average sum spent on different kinds of betting games was EUR 4.2 million. Approximately EUR 1.1 million was spent weekly on Off-track Horse Betting and EUR 1.1 million weekly on Football Pools.

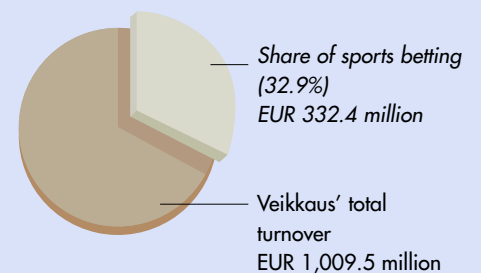
Result Odds Betting is the most popular betting game

With the introduction of Multibet in 1998, Result Odds Betting is now the most popular of Veikkaus' betting games. The turnover from Result Odds Betting reached EUR 108.1 million,

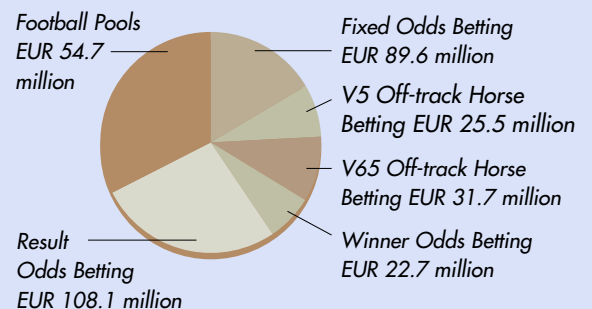
- Sports games (betting games, off-track horse betting and football pools) generated a turnover of EUR 332.4 million, an increase of 8.4% from the previous year.
- Result Odds Betting was the second most popular of Veikkaus' money games. The turnover from Result Odds Betting increased by 38.0% to EUR 108.1 million, with Multibet accounting for EUR 72.6 million.
- The turnover from Fixed Odds Betting reached EUR 89.6 million; down by 3.6%

- Winner Odds Betting brought in a turnover of EUR 22.7 million, up by 9.7%
- V65 Off-track Horse Betting produced a turnover of EUR 31.7 million, down by 3.5%.
- V5 Off-track Horse Betting amounted to EUR 25.5 million, a decrease of 7.7% from the previous year
- The annual turnover from Football Pools was FIM 54.7 million, up by 1.2%.

Share of sports betting of Veikkaus' total turnover in 1999



Turnover from sports betting by game in 1999



an increase of 38.0%. Multibet represented EUR 72.6 million of the turnover from Result Odds Betting, an increase of 91.5% from the previous year. The exceptionally high odds in Multibet last year also boosted the turnover per event.

The popularity of Multibet affects Fixed Odds Betting

The turnover from Fixed Odds Betting amounted to EUR 89.6 million, the second highest in the group, but nonetheless a drop of 3.6% (EUR 92.9 million in 1998). Fixed Odds Betting remains the backbone of betting despite the slight decline in its turnover over the past few

years, which resulted from the popularity of the newly introduced Multibet. In addition, the supply of private gaming companies on the Internet has, to some extent, reduced the gaming turnover from Fixed Odds Betting.

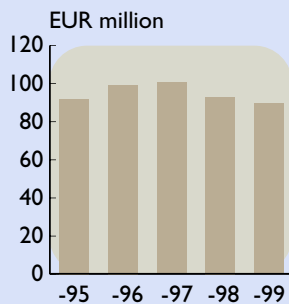
The first million-mark win in Exacta's history

In 1999, the average sum spent on Winner Odds Betting and its variations was EUR 22.7 million. Turnover rose by 9.7%. Winner Odds Betting was also renewed in 1999 when a new gaming variation was introduced onto the market. Despite its old name, Supertriple is a new game: players bet on the order

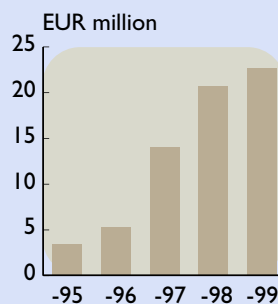
of three best competitors in one competition. Supertriple is a more demanding version of Exacta. The old Supertriple, in which players bet on the winner of three different competitions is now called Daily Triple. This is a more demanding version of Daily Double. With the changes, the playslips were also revised, allowing group games in online odds betting.

The interest in Formula 1 was clear in the sales of Exacta. The Formula 1 Grand Prix in the autumn of 1999 (round 38/99) produced a new odds record (28,318.37) in Exacta and a first prize exceeding FIM 1 million (EUR 168,188).

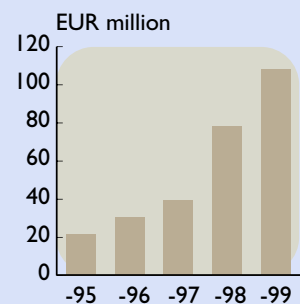
Turnover from Fixed Odds Betting from 1995 to 1999



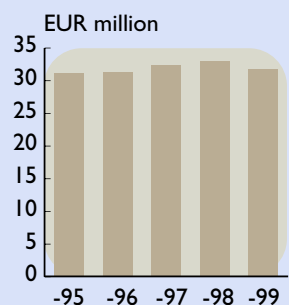
Turnover from Winner Odds Betting from 1995 to 1999



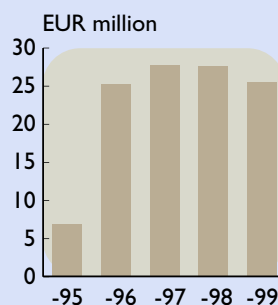
Turnover from Results Odds Betting from 1995 to 1999



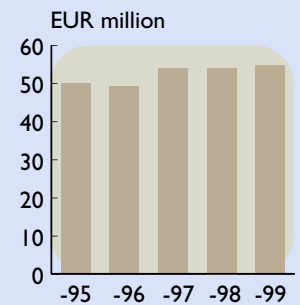
Turnover from V65 Off-track Horse Betting from 1995 to 1999



Turnover from V5 Off-track Horse Betting from 1995 to 1999



Turnover from Football Pools from 1995 to 1999



Football was the players' favourite

In 1999, betting games offered 5,540 events, which were divided among 39 different sports. Football was the most popular.

Major international sports competitions in betting included the Championships in Nordic skiing, ice-hockey and athletics. The 55 events of the Ice-hockey World Championships brought in a turnover of EUR 5.4 million, while during the Nordic Ski World Championships in Ramsau, Austria, betting sales amounted to almost EUR 1.2 million. The betting turnover from the World Championships in Athletics broke the record when players spent some EUR 891,396 on various events.

Formula 1 is an all-time favourite of Finns and the turnover in Exacta totalled EUR 7.5 million.

Off-track Horse Betting: awaiting reform

The turnover of V65 Off-track Horse Betting amounted to EUR 31.7 million, a decline of 3.5% compared with that of the previous year (EUR 32.9 million). V5 Off-track Horse Betting produced a turnover of EUR 25.5 million (EUR 27.6 million in 1998) – down by 7.7%. The total combined turnover from Veikkaus' horse betting games (Off-track Horse Betting and Daily Double) amounted to EUR 66.9 million (EUR 69.8 million in 1998). Only Daily Double was able to record an increase, prompted mainly by a more varied game selection

and the substantial improvements in TV broadcasting. As regards V65 and V5 Off-track Horse Betting, the early half of 1999 was quiet owing to weather conditions. The Finnish Trotting and Breeding Association Suomen Hippos ry. significantly increased its supply of toto games, which also taxed horse betting. Veikkaus will pay special attention to horse betting games in 2000 in an effort to reverse the downward trend of 1999.

Football Pools remained stable

Football Pools, Veikkaus' grand old game, grew by 1.2% to EUR 54.7 million (EUR 54.1 million in 1998). Football Pools was supported through various marketing measures which helped the game to maintain its stability. A new combination and reduced system plays-

Turnover from Result Odds Betting (including Multibet) in 1999

Sports and events	Series	Number of events	Turnover EUR	EUR/event
Football	Continental European	190	30,153,013	158,700
Football	British	167	23,149,874	138,622
Ice hockey	Finnish	217	18,995,095	87,535
Football	Finnish	150	15,179,122	101,194
Ice hockey	other	65	7,777,355	119,652
Football	other	62	7,397,949	119,322
Ice hockey	Continental European	21	1,881,414	89,591
Ice hockey	NHL	50	1,834,100	36,682
Floorball	Finnish	4	118,491	29,623
In-line hockey	internationals	3	92,460	30,820
In-line hockey	Finnish	3	46,781	15,594
Bandy	Finnish	1	45,095	45,095
Floorball	internationals	2	31,027	15,514
Rinkball	Finnish	1	9,101	9,101

lip were introduced in Football Pools in 1999. Simultaneously, the game variations of these systems were increased substantially. In 2000, Football Pools will undergo the greatest reform in the game's history.

Increase in the popularity of sports betting games

Finns spent an average of EUR 64.08 (EUR 61.05 per capita in 1998) on Veikkaus' sports betting games. The average sum spent on Fixed Odds Betting was EUR 17.19 per capita (EUR 18.44 per capita). The average stake per playslip in Fixed Odds Betting was EUR 3.85 (EUR 3.62 per capita). The average sum spent on Result Odds Betting was EUR 6.64 (EUR 8.24 per capita) and the average stake was EUR 4.79 (EUR 4.83).

Players spent on average of EUR 14.28 per capita on Multibet (EUR 7.40 per capita) and the average stake was EUR 3.50 (EUR 3.17). The per capita spending on Winner Odds Betting (including Exacta, Daily Double, Daily Triple and Supertriple) was EUR 4.37 (EUR 4.04) on average and players' placed an average stake of EUR 4.08 (EUR 3.50 in 1998) per playslip. Finns spent an average of EUR 6.14 (EUR 6.52 per capita) on V65 Off-track Horse Betting and EUR 4.95 (EUR 5.49) on V5 Off-track Horse Betting per capita. The average stake per playslip on V65 Off-track Horse Betting was EUR 8.37 (EUR 8.17) and EUR 7.25 (EUR 7.18) on V5 Off-track Horse Betting. The average sum spent on Football Pools was EUR 10.60 (EUR 10.76) and the average stake per playslip was EUR 4.25 (EUR 4.00).

Over FIM 1 billion (EUR 168.2 million) of prizes paid out in sports betting

The total sum of sports betting prizes paid out in 1999 was almost EUR 201.8 million, comprising 5.6 million individual prizes. The number of prizes distributed in betting games amounted to almost 3.1 million, worth EUR 144.3 million. The total sum of EUR 31.5 million was paid out in V65 and V5 Off-track Horse Betting, and the number of individual prizes was over 1.2 million. Almost 1.7 million individual prizes, totalling EUR 23.0 million, were distributed in Football Pools. The number of prizes worth at least FIM one million (EUR 168.168) was thirteen: five in Football Pools, four in Multibet, three in V65 Off-track Horse Betting and one in Exacta. ■

Turnover from Winner Odds Betting by sport 1999

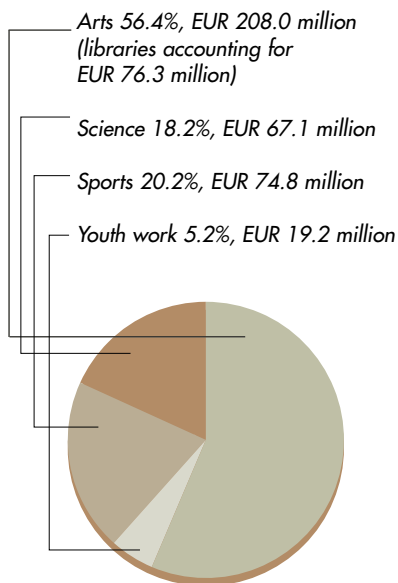
Games and events	Number of events	Turnover EUR	EUR/event
Trotting races	245	10,851,980	44,294
Formula 1	32	5,710,122	178,441
Ski jumping	29	1,466,529	50,570
Athletics	119	1,441,873	12,117
Ice hockey	65	955,870	14,706
Nordic skiing	30	903,021	30,101
Football	28	224,309	8,011
Nordic combined	8	170,977	21,372
Alpine skiing	12	157,968	13,164
Biathlon	13	117,246	9,019
Rally racing	6	95,381	15,897
Greyhound racing	51	47,607	933
Basket ball	20	47,236	2,362
Cultural events	2	43,890	21,945
Reindeer racing	7	30,313	4,330
Miscellaneous	15	24,920	1,661
Orienteering	10	24,035	2,403
Rinkball	3	11,076	3,692

Games and events	Number of events	Turnover EUR	EUR/event
Equestrian sports	11	8,417	765
Motorsports	3	8,219	2,740
Tennis	2	7,416	3,708
Floorball	3	6,961	2,320
Golf	2	6,196	3,098
Shooting	5	5,987	1,1970
Figure skating	4	5,707	1,427
Volley ball	1	5,092	5,092
Bowling	2	3,610	1,805
American football	1	3,474	3,474
Rowing	6	3,224	537
Wrestling	3	3,162	1,054
Boxing	2	1,992	996
Table tennis	1	1,737	1,737
Sailing	4	1,725	431
Petangue	1	1,494	1,494
Darts	1	1,200	1,200
Squash	6	1,168	195

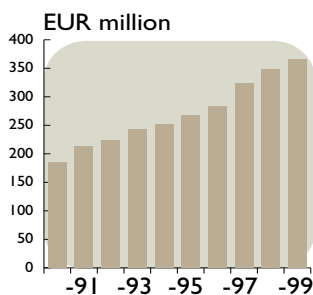
FINNS AS BENEFICIARIES OF VEIKKAUS FUNDS IN 1999

The proceeds from Veikkaus' gaming activities have a significant role in providing enjoyable experiences, well-being and information to all beneficiary sectors in Finnish society. Nearly every Finn can personally benefit from the public services offered by Veikkaus, including services which most of us enjoy weekly, or even daily. In 1999, Veikkaus' entire profit of EUR 365.5 million was handed over to the Ministry of Education, which distributed both the funds and a portion of savings, in all EUR 369.0 million, to various beneficiaries.

Distribution of Veikkaus' funds in 1999 (distributed by the Ministry of Education)



Development of profits returned to the Ministry of Education from 1990 to 1999



Arts	EUR million
Film	10,932
Literature	1,295
Visual arts (including the visual arts, architecture, industrial arts and photography)	2,842
Dramatic art (including dance)	29,315
Music	37,380
Museums and cultural heritage	17,546
Libraries	76,317
Grants for artists	9,382
Regional culture	14,773
Support to other arts projects	8,182
Total	207,964
Sports and physical education	
Municipal sports activities	15,454
Public sports organisations	25,665
Construction of sports venues	14,105
Education, research and communications	15,271
Other sports and physical education projects	2,515
Children, young people and physical education	1,009
Physical education and health programme	740
Total	74,759
Youth work	
Municipal youth work	6,237
Public youth organisations	6,896
Youth centres	1,850
Youth research and development	1,278
Youth workshops	1,009
Support to other youth projects	1,954
Total	19,224
Science	
Academy of Finland	54,900
Private archives	2,943
The Research Institute for the Languages of Finland	1,736
Domestic research centres and institutes, and various scientific associations and societies	5,247
International cooperation	1,396
Support to other scientific projects	834
Total	67,057

Source: State budget 1999



TO THE SEVENTH DECADE...

September 2000 marks the 60th anniversary of betting in Finland. Over the course of decades, Veikkaus has undergone a transformation from a company originally called Oy Tippaustoisimisto Ab which operated only one game, Football Pools, into a high-technology company offering excitement, dreams and fantasies through 17 different games on seven days a week.

1940 In July, the Finnish Sports Confederation, Finnish Workers' Sports Federation and Football Association of Finland signed an agreement to establish Oy Tippaustoisimisto Ab.

1940 The first round took place on 7-8 September. The events included athletics, football and Finnish baseball. Runner Paavo Nurmi filled in the first betting coupon, ticking five rows. Then war broke out and, for obvious reasons, the betting enthusiasm collapsed. Sweden, however, offered an abundance of suitable betting events and Finns continued betting on domestic events whenever possible. The shortage of domestic events led into the introduction of rather exotic betting objects, for example, guessing the outcome of a competition where participants assemble one cubic metre stack of wood. Once the war was over, Veikkaus enjoyed a surge in popularity following the introduction of English football matches to its game selection.

1953 Arts, science and youth work became beneficiaries of Veikkaus. Until this year, sports had been the sole beneficiary of Veikkaus' funds.

1958 In September, Veikkaus started to advertise on television. The following year, giving the correct Football Pools results became a part of Saturday night routine on television.

1964 The microfilming of coupons began. A two-part coupon was introduced, players could place multi-week subscriptions and Veikkaus started to deliver coupons to homes.

1971 Lotto was launched and took Finland by storm, transforming Veikkaus. The new game became incredibly popular among Finns. Hilikka Kotamäki, the first official Lotto Girl between 1971 and 1975 enhanced the popularity of Lotto. The name of the company was changed into Oy Veikkaus Ab.

1973 The first jackpot worth FIM one million or more was won in Lotto.

1975 The state bought Veikkaus' share capital from the sports associations for EUR 9.3 million.

1976 The organising of lotteries was transferred from Finanssilaitos (State Financial Institution) to Veikkaus.

1978 Joker was introduced to Veikkaus' game selection.

1982 V5 Off-track Horse Betting was transferred from the Finnish Trotting and Breeding Association (Suomen Hippos Oy) to Veikkaus.

In the 1980's Casino and Ässä instants were introduced. These instant games still rank among the most popular Veikkaus' games.

1990 Online betting was introduced and Veikkaus celebrated its 50th anniversary.

The 1990s marked an intense period of product development. The game selection was expanded by TV game shows, such as Spede's TV Games and Bingolotto. The product family of instant games was also expanded.

1993 Nordic Viking Lotto started. Fixed Odds Betting was introduced in November and immediately won popularity among players.

1994 Results Odds Betting and Winner Odds Betting were launched. The traditional coupon with a name box in it, in other words off-line betting, became history on 31 December in 1994. Veikkaus entered the age of exclusively online betting.

1996 in December, and as the first national state lottery in the world, Veikkaus began to offer self-service betting via the Internet and telephone.

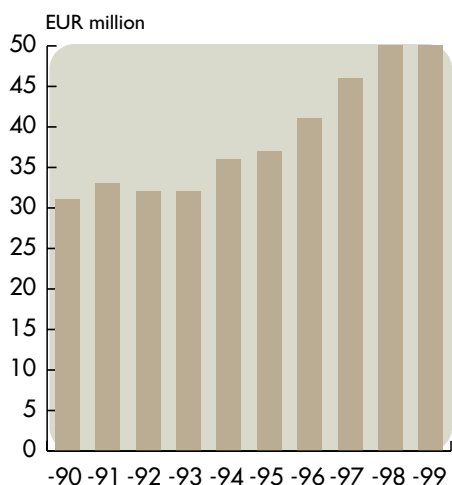
1998 The 1000th player to win FIM one million or more in Veikkaus games.

1999 Veikkaus' turnover exceeds EUR 1 billion for the first time.

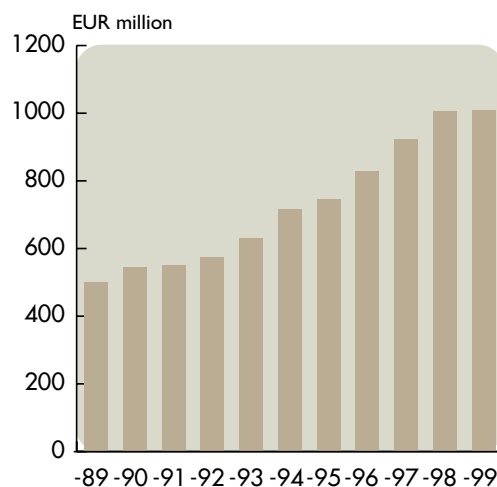
2000 Veikkaus celebrates its 60th anniversary.

STATISTICS 1990 - 1999

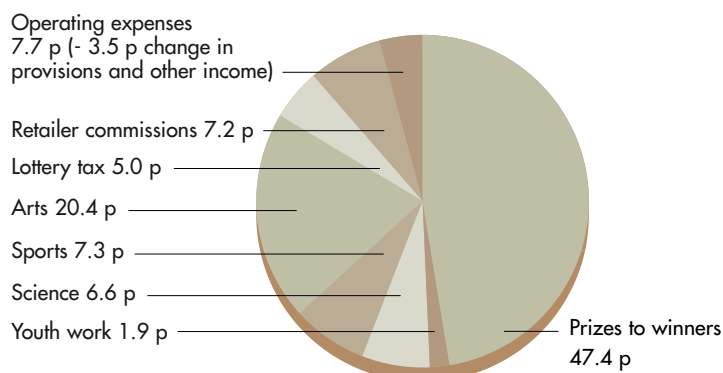
**Lottery tax paid by Veikkaus
1990-1999**



**Development of Veikkaus turnover
1989-1999**



**One Veikkaus mark in 1999
(1 mark = 100p)**



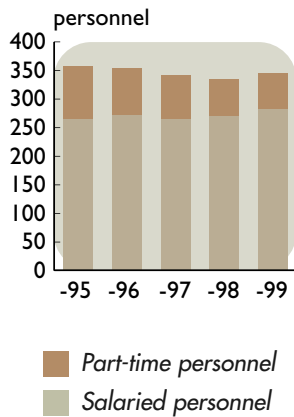
Development of Veikkaus' key financial indicators 1990-1999, EUR million

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Turnover	546	550	576	632	718	746	829	923	1,007	1,009
change %	8.2	0.8	4.7	9.7	13.5	4.0	11.1	11.4	9.0	0.3
Variable costs	291	294	316	345	411	434	483	554	613	621
Gross margin on sales	254	256	261	287	307	312	346	370	394	389
change %	7.3	0.7	1.8	10.2	6.8	1.9	10.7	6.9	6.5	- 1.3
Fixed costs	40	38	35	36	38	39	39	40	44	46
Operating profit	215	218	225	251	268	273	307	330	350	342
change %	4.0	1.5	3.3	11.7	6.7	1.7	12.5	7.4	6.0	- 2.0
Profit before reserves	197	224	230	255	267	275	307	325	343	335
Net profit	185	213	224	243	252	268	283	323	348	365
change %	- 3.2	14.9	5.3	8.4	3.6	6.6	5.6	13.9	7.8	5.0

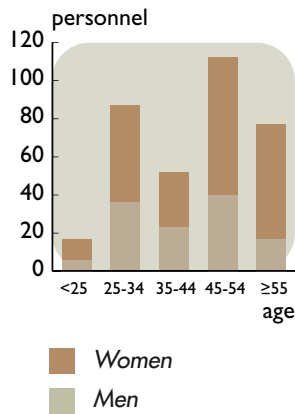
Turnover by product group 1990–1999

EUR million	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Lotto games	312.5	317.2	343.3	351.9	355.9	355.3	406.7	449.6	471.7	451.1
Sports betting	70.7	80.7	88.6	106.0	183.0	205.2	241.2	267.9	306.5	332.4
Instant games	118.3	101.5	92.0	110.3	112.8	111.3	107.6	126.9	145.4	146.0
Other online games	44.2	51.0	52.5	64.1	66.0	74.1	73.2	78.7	83.0	80.1
total	545.8	550.3	576.4	632.3	717.6	746.0	828.6	923.1	1,006.6	1,009.5

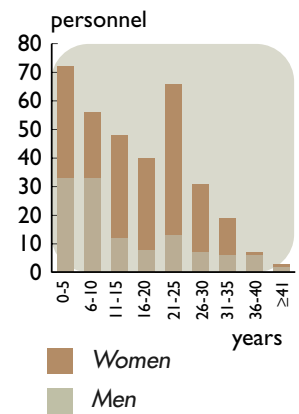
**Number of personnel
1995–1999**



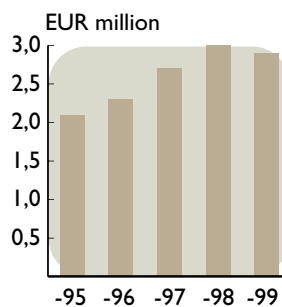
**Age distribution
of personnel 1999**



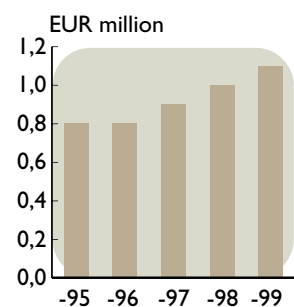
**Number of years
in employment 1999**



**Turnover per employee
1995–1999**



**Net profit per employee
1995–1999**



Maximum prizes per game in 1999 and 1998, EUR

	1999 EUR	1998 EUR
Lotto	2 677 369	3 624 019
Joker	840 940	336 376
Viking Lotto	448 482	1 098 665
V65 Off-track Horse Betting	418 806	174 191
Multibet	247 216	359 639
Football Pools	239 022	224 388
Spede's TV Games	225 219	166 887
Exacta	190 512	18 826
Bingolotto	168 188	168 188
V5 Off-track Horse Betting	133 589	86 526
Supertriple	80 195	-
Fixed Odds Betting	50 142	13 862
Daily Double	10 384	20 579
Result Odds Betting	9 523	13 447
Daily Triple	7 004	4 062
Winner Odds Betting	722	3 019

Prizes of FIM million or more by game in 1999 and 1998

	1999	1998
Lotto	51	45
Joker	10	10
Viking Lotto	10	14
Football Pools	5	5
Multibet	4	1
V65 Off-track		
Horse Betting	3	2
Bingolotto	2	1
Spede's TV Games	1	0
Exacta	1	
Sabbatical instant	0	12
Total	87	90

Number of gaming transactions in 1999 and 1998

1999

Lotto	90.790.493
Viking Lotto	17.159.281
Joker	195.558
Spede's TV Games	4.154.991
Bingolotto	852.712
Football Pools	12.851.185
V65 Off -track	
Horse Betting	3.779.622
V5 Off -track	
Horse Betting	3.517.850
Result Odds Betting	23.036.876
Fixed Odds Betting	27.935.146
Winner Odds Betting	5.513.968

total 189.787.682

1998

Lotto	101.798.249
Viking Lotto	18.076.903
Joker	335.011
Spede's TV Games	6.175.925
Bingolotto	1.996.641
Football Pools	13.813.678
V65 Off -track	
Horse Betting	4.097.671
V5 Off -track	
Horse Betting	3.924.346
Result Odds Betting	26.126.085
Fixed Odds Betting	20.777.814
Winner Odds Betting	5.211.804

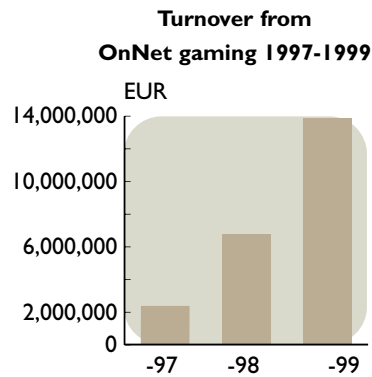
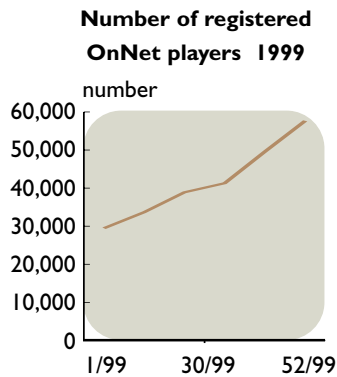
total 202.334.127

Expenditure on Veikkaus games in 1999

	EUR/per capita
Lotto	77,81
Fixed Odds Betting	17,19
Multibet	14,28
Casino instant	12,85
Joker	12,60
Football Pools	10,60
Ässä instant	10,31
Viking Lotto	9,78
Result Odds Betting	6,64
V65 Off -track Horse Betting	6,14
V5 Off -track Horse Betting	4,95
Afrikan Tähti (African Star) instant	2,80
Spede's TV Games	2,47
Daily Double	2,13
Exacta	1,86
Luontoarpa (Nature) instant	1,31
Joulukalenteri (Christmas) instant	0,58
Bingolotto	0,56
Daily Triple	0,33
Onnenvuosi (Lucky Year) instant	0,32
Winner Odds Betting	0,13
Supertriple	0,04

Average stakes per Veikkaus games in 1999

	EUR
V65 Off -track	
Horse Betting	8,37
V5 Off -track	
Horse Betting	7,25
Daily Double	5,49
Result Odds Betting	4,79
Lotto	4,41
Football Pools	4,25
Fixed Odds Betting	3,85
Multibet	3,50
Exacta	3,42
Winner Odds Betting	3,38
Bingolotto	3,36
Spede's TV Games	3,07
Supertriple	3,00
Viking Lotto	2,94
Daily Triple	2,69



Turnover from OnNet gaming per game in 1999

	EUR
Betting total	8,949,053.02
Lotto	2,132,940.11
Football Pools	900,083.25
V65 Off-track	
Horse Betting	502,526.94
Viking Lotto	451,631.68
V5 Off-track	
Horse Betting	418,765.32
Joker	389,748.61
Spede's	
TV Games	89,528.96
Bingolotto	38,575.58
total	13,872,853.46

Claimed prizes in 1999 and 1998, number and EUR

	EUR	1999 number	EUR	1998 number
Lotto	159,781,360	8,363,857	168,765,083	10,359,284
Fixed Odds Betting	54,291,390	1,670,476	57,392,383	1,848,037
Multibet	50,476,818	197,724	26,581,621	83,109
Casino instant	30,963,660	3,915,863	31,345,315	3,877,554
Ässä instant	25,551,497	4,355,364	24,853,782	4,227,205
Joker	23,895,741	803,686	23,718,020	1,399,078
Result Odds Betting	23,888,994	706,518	29,547,850	851,729
Football Pools	23,008,684	1,657,769	23,564,676	1,497,628
Viking Lotto	17,778,055	2,970,917	22,575,828	3,176,084
V65 Off -track Horse Betting	17,317,014	945,312	18,317,971	1,254,678
V5 Off -track Horse Betting	14,168,178	261,725	15,717,637	252,973
Spede's TV Games	8,702,458	983,060	7,244,303	942,968
Daily Double	7,574,132	253,369	6,735,602	254,025
Afrikan Tähti (African Star) instant	6,476,162	865,385	4,062,310	531,209
Exacta	6,397,159	193,990	6,727,702	258,134
Luontoarpa (Nature) instant	2,980,976	734,251	2,631,912	653,258
Bingolotto	1,795,975	81,235	2,889,437	187,097
Joulukalenteri (Christmas) instant	1,549,879	231,708	1,096,027	213,384
Daily Triple	1,114,469	37,519	391,396	23,826
Winner Odds Betting	461,223	24,624	884,250	50,742
Onnenvuosi (Lucky Year) instant	331,857	32,617	-	-
Supertriple	132,438	2,012	-	-
Sapatti (Sabbatical) instant	4,196	790	3,356,838	481,996
total	478,642,317	29,289,771	478,399,943	32,423,998

Statistics 1990-1999

	1990	1991	1992	1993	1994
Profit, EUR million	185	213	224	243	252
change %	- 3,2	+ 14,9	+ 5,3	+ 8,4	+ 3,6
Turnover, EUR million	546	550	576	632	718
change %	+ 8,2	+ 0,8	+ 4,7	+ 9,7	+ 13,5
Turnover per capita, EUR	109	109	114	124	141
change %	+ 7,3	0	+ 4,3	+ 9,1	+ 13,1
Retailer comission, EUR million	35	37	40	44	49
Prizes to winners, EUR million	219	220	235	259	315
change %	+ 8,7	+ 0,1	+ 7,0	+ 10,3	+ 21,5

Payments to personnel

Salaries, EUR million	13	12	12	12	11
change %	+ 28,3	- 5,3	0	- 4,3	- 4,5
Voluntary social contributions, EUR million	2	1	2	1	1
change %	+ 51,7	- 8,8	+ 12,0	- 17,2	- 9,4
Statutory social contributions, EUR million	3	3	3	2	3
change %	+ 21,4	+ 27,4	- 19,0	+ 14,5	+ 38,5
Total payments to personnel, EUR million	17	17	16	15	16
change %	+ 29,0	- 0,6	- 2,7	- 7,0	+ 1,7

Payments to society

Ministry of Education, returned profits, EUR million	185	213	224	243	252
change %	- 3,2	+ 14,9	+ 5,3	+ 8,4	+ 3,6
Social security contributions, EUR million	1	1	1	1	1
change %	+ 16,1	- 4,8	0	0	+ 2,9
Lottery tax, EUR million	31	33	32	32	36
change %	+ 12,7	+ 4,8	- 2,8	- 0,5	+ 13,5
Total payments to society, EUR million	217	246	256	275	288
change %	- 1,1	+ 13,3	+ 4,2	+ 7,3	+ 4,8

Personnel

Regular salaried personnel	287	287	291	303	308
Part-time personnel	345	296	263	198	192
Total	632	583	554	501	500

Veikkaus retailer outlets

Total no. of retailer outlets	5,729	5,586	4,959	4,771	4,503
Online retailer outlets	1,259	1,796	2,495	2,560	2,719

Veikkaaja magazine

Subscriptions	52,835	58,565	58,828	66,365	69,783
Average number of single copies sold	12,816	10,050	11,449	12,364	11,570

	1995	1996	1997	1998	1999
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268	283	323	348	365
+ 6,6	+ 5,6	+ 13,9	+ 7,8	+ 5,0
746	829	923	1,007	1,009
+ 4,0	+ 11,1	+ 11,4	+ 9,0	+ 0,3
146	161	179	195	195
+ 3,6	+ 10,7	+ 11,0	+ 8,9	0
53	61	68	73	72
330	364	421	469	478
+ 4,9	+ 10,4	+ 15,5	+ 11,4	+ 2,0

11	10	10	11	11
- 3,0	- 6,5	0	+ 9,8	- 2,8
1	1	1	1	1
+ 2,9	- 28,2	0	+ 20,0	- 14,1
3	3	3	3	3
0	- 15,8	- 6,2	+ 6,7	- 15,6
15	14	14	15	15
- 2,1	- 9,9	- 1,2	+ 9,9	- 0,2

268	283	323	348	365
+ 6,6	+ 5,6	+ 13,9	+ 7,8	+ 5,0
1	0	0	1	1
+ 3,8	- 7,7	+ 0,6	+ 9,6	- 4,0
37	41	46	50	50
+ 4,0	+ 11,1	+ 11,4	+ 9,0	+ 0,3
306	325	369	399	416
+ 6,3	+ 6,2	+ 13,6	+ 8,0	+ 4,4

265	272	265	270	282
93	82	77	65	64
358	354	342	335	346

4,569	4,418	4,031	4,056	4,103
2,825	2,858	2,871	2,874	2,876

67,859	65,604	58,935	59,984	57,047
15,682	18,638	22,469	21,042	20,728



Karhunkierros 4, 01009 Veikkaus, Finland, tel +358-9-85 261, fax +358-9-8526 945, www.veikkaus.fi